



## Board of Directors

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### **Meeting Date**

**March 25, 2020**



## **Board of Directors**

**Lonnie Reed**

Chair

**Binu Chandy**

Deputy Director  
DECD

**Mary Sotos**

Senior Policy Advisor for  
DEEP

**Shawn Wooden**

Treasurer  
State of Connecticut

**Thomas Flynn**

Managing Member  
Coral Drive Partners

**Matthew Ranelli**

Partner  
Shipman & Goodwin

**Eric Brown**

Vice President  
CT Business and Industry Association

**Kevin Walsh**

Senior Operating Partner  
Stonepeak Infrastructure Partners

**John Harrity**

Chair  
CT Roundtable on Climate and Jobs

**Brenda Watson**

Executive Director  
Operation Fuel

845 Brook Street, Rocky Hill, CT 06067  
T 860.563.0015  
ctgreenbank.com



March 18, 2020

Dear Connecticut Green Bank Board of Directors:

We have a regular meeting of the Board of Directors scheduled on **Wednesday, March 25, 2020 from 2:00-3:30 p.m.**

Please take note of two (2) things:

1. **Meeting Extension** – given the composition of the items on the agenda, we have extended the meeting by 30 minutes; and
2. **Online Meeting Only** – given all of our respective efforts to support “social distancing” in the face of COVID-19, we are holding this meeting entirely online (i.e., there will be no “in-person” meeting option in Rocky Hill).

We have an important milestone agenda for the Green Bank, including the following:

- **Consent Agenda** – approval of meeting minutes for January 24, 2020, as well as additional PSA for Inclusive Prosperity Capital for two sub-grant awards received by the Green Bank (i.e., Harvard Kennedy School Ash Center and U.S. Department of Energy).
- **Other Business** – typically we do “other business” at the end of the agenda, but with COVID-19, we wanted to provide an update on the status of operations, potential impacts on our stakeholders (i.e., contractors, customers, capital providers), and a market outlook as we look at our timing on future bond issuances.
- **Investment Recommendations** – as we have been working diligently over the past year on the Green Bank’s bonding structure, we are bringing forward the Master Trust Indenture (“MTI”), Financing Indenture for the Green Liberty Bonds – Series 2020, and the Green Bond Framework. This is a milestone moment for the Green Bank as we begin to “stand-up” our bonding capabilities and work towards our Green Bank 2.0 efforts.
- **Financing Programs** – recommendations on the following:
  1. **Skyview Ventures** – recommendation by the Deployment Committee, in support of financing for a senior secured term loan for commercial solar PV projects installed on municipal facilities as a strategic selection;
  2. **Expansion of Green Bank Solar PPA** – recommendation by the Deployment Committee, in support of expanding the Green Bank Solar PPA program from \$15 million to \$30

million – note “redline” document included to show changes from prior approved investment documentation; and

3. **PosiGen** – a restructuring of our relationship that will decrease our risk exposure, while continuing to serve the interests of increasing investments in solar PV for LMI families across Connecticut. Note – the memo will be sent by COB on Friday, March 20, 2020.

If you have any questions, comments or concerns, please feel free to contact me at any time.

Until then, be safe, and enjoy the upcoming weekend!

Sincerely,

A handwritten signature in blue ink, appearing to read 'Bryan Garcia', with a long horizontal flourish extending to the right.

Bryan Garcia  
President and CEO





## **AGENDA**

Board of Directors of the  
Connecticut Green Bank  
845 Brook Street  
Rocky Hill, CT 06067

Wednesday, March 25, 2020  
2:00-3:30 p.m.

Staff Invited: Mackey Dykes, Brian Farnen, Bryan Garcia, Bert Hunter, Jane Murphy, Eric Shrago, and Selya Price

1. Call to order
2. Public Comments – 5 minutes
3. Consent Agenda – 5 minutes
4. Other Business – 10 minutes
  - a. COVID-19 Response – Operations and Stakeholder Impacts
  - b. COVID-19 – Market Outlook
5. Investment Recommendations – 45 minutes
  - a. Master Trust Indenture
  - b. Financing Indenture – Green Liberty Bonds: Series 2020
  - c. Green Bond Framework
6. Financing Programs Recommendations and Updates – 25 minutes
  - a. Skyview Ventures
  - b. Expansion of Green Bank Solar PPA Program
  - c. PosiGen
7. Adjourn

Join the meeting online at <https://global.gotomeeting.com/join/516219413>

Or call in using your telephone:  
Dial (786) 535-3211  
Access Code: 516-219-413

Next Regular Meeting: Friday, April 24, 2020 from 9:00-11:00 a.m.  
Connecticut Green Bank, 845 Brook Street, Rocky Hill, CT



## **RESOLUTIONS**

Board of Directors of the  
Connecticut Green Bank  
845 Brook Street  
Rocky Hill, CT 06067

Wednesday, March 25, 2020  
2:00-3:30 p.m.

Staff Invited: Mackey Dykes, Brian Farnen, Bryan Garcia, Bert Hunter, Jane Murphy, Eric Shrago, and Selya Price

1. Call to order
2. Public Comments – 5 minutes
3. Consent Agenda – 5 minutes

### **Resolution #1**

Motion to approve the meeting minutes of the Board of Directors for January 24, 2020.

### **Resolution #2**

**WHEREAS**, Green Bank is a subrecipient to the Clean Energy States Alliance for U.S. Department of Energy Award No. DE-EE0008758, in support of Bringing Low and Moderate Income households (LMI) Solar Financing Models to Scale (“Project”); and

**WHEREAS**, Green Bank is the recipient of grant funds awarded by the Ash Center of Democratic Government and Innovation at the John F. Kennedy School of Government at Harvard University (“Ash Center”) for the Innovations in American Government Award (“IAGA funds”); and

**WHEREAS**, the Green Bank has applied and received approval from the Ash Center to re-grant a portion of its IAGA funds to the Consultant for initiatives that further the innovation and programs of the Green Bank (“Initiative”); and

**WHEREAS**, the Initiative and the Project require the expertise of individuals with experience in the Connecticut Green Bank Model and specifically the Green Bank’s LMI single-family solar homes program; and

**WHEREAS**, certain tasks to be conducted as part of the Initiative and the Project relate to work that is focused outside of the state of Connecticut that the Green Bank is unable to perform; and

**WHEREAS**, the staff of the Consultant are intimately familiar with the Green Bank’s model and the Green Bank’s initiatives in the LMI market segment and have the capacity and authority to work outside of Connecticut.

**NOW**, therefore be it:

**RESOLVED**, that the Board approves Green Bank to enter into a Professional Service Agreement (PSA) with Consultant as a strategic selection and award pursuant to the reasonings set forth in the memorandum to the Board dated March 25, 2020;

**RESOLVED**, that the President, Chief Investment Officer and General Counsel of Green Bank, and any other duly authorized officer of Green Bank, is authorized to execute and deliver on behalf of Green Bank any of the definitive agreements related to the Consultant PSA and any other agreement, contract, legal instrument or document as he or she shall deem necessary or appropriate and in the interests of Green Bank and the ratepayers in order to carry out the intent and accomplish the purpose of the foregoing resolutions.

**RESOLVED**, that the proper Green Bank officers are authorized and empowered to do all other acts and execute and deliver all any documents as they shall deem necessary and desirable to effect the above-mentioned legal instrument or instruments.

4. Other Business – 5 Minutes
  - a. COVID-19 Response – Operations and Stakeholder Impacts
  - b. COVID-19 – Market Outlook
5. Investment Recommendations – 50 minutes
  - a. Master Trust Indenture
  - b. Financing Indenture – Green Liberty Bonds: Series 2020

**Resolution #3**

**WHEREAS**, Connecticut Green Bank (“Green Bank”) is authorized pursuant to Sections 16-245n and 16-245kk through 16-245mm of the Connecticut General Statutes (the “Act”), to finance and support financing or other expenditures that promote investment in sources of clean energy, as defined in the Act, by issuing its bonds, notes or other obligations in accordance with the Act; and

**WHEREAS**, the Act provides that, at the discretion of Green Bank, any bonds issued under the Act may be secured by a trust agreement by and between Green Bank and a corporate trustee or trustees, and such trust agreement or the resolution providing for the issuance of such bonds may secure such bonds by a pledge or assignment of any revenues to be received, any contract or proceeds of any contract, or any other property, revenues, moneys or funds available to Green Bank for such purpose; and

**WHEREAS**, a master trust agreement entered into by Green Bank and a master trustee will allow Green Bank to scale-up investment in and expand deployment of clean energy financing and infrastructure development, lower the cost of capital for such financing and development, deploy funding beyond the current revenue sources available to Green Bank, and provide for citizen engagement as retail purchasers of Green Bank bonds to provide such financing, all to

achieve the greater societal benefits of Green Bank's programs (the "Green Bank Financing Goals"); and

**WHEREAS**, pursuant to Connecticut's Residential Solar Incentive Program ("RSIP"), 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, Green Bank acquires a specific type of renewable energy credit called a "solar home renewable energy credit" and the related environmental and energy 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 from 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 Green Bank acquires the SHRECs from the homeowners and TPOs and related to SHREC Systems for which a tranche was created in 2019 (the "SHREC Tranche 3") before selling the SHRECs to the Utilities, Green Bank desires to fund its cost recovery under the RSIP by selling bonds secured by the SHREC Receivables related to the SHREC Tranche 3 under the Master Purchase Agreements and other revenues of Green Bank; and

**WHEREAS**, Green Bank considers it necessary, appropriate and desirable to offer for sale, and to sell its Solar Home Renewable Energy Credit, Green Liberty Bonds, Series 2020, in an aggregate principal amount not to exceed \$25,000,000 (the "Bonds") in a public offering intended to be exempt from registration under the Securities Act of 1933, as amended (the "Securities Act") by virtue of the exemption from such registration under Section 3(a)(2) of the Securities Act; and

**WHEREAS**, it is in the best interests of Green Bank to sell the Bonds and enter into an indenture of trust with a trustee that will allow Green Bank to pledge the SHREC Receivables and other revenues related to the SHREC Tranche 3, and if so determined as provided herein, to use the State's Special Capital Reserve Fund (the "SCR"), as security for the payment of the Bonds and interest thereon; and

**WHEREAS**, the Board of Directors of Green Bank (the "Board") has determined that it is in the best interests of Green Bank to enter into and approve the issuance of the Bonds.

**NOW, THEREFORE, BE IT:**

**RESOLVED**, that in order to achieve the Green Bank Financing Goals, Green Bank shall

enter into a master trust indenture with The Bank of New York Mellon Trust Company, N.A., as master trustee (the "Master Trust Indenture") to provide the structure and mechanism for financing Green Bank's programs, and the pledge or assignment of Green Bank's revenues as provided therein is hereby approved; and

**RESOLVED**, that in order to finance the SHREC Receivables and other revenues related to SHREC Tranche 3 under Green Bank's RSIP program, Green Bank shall enter in to an indenture of trust with The Bank of New York Mellon Trust Company, N.A., as trustee (the "Indenture of Trust") to finance said SHREC Receivables, and the pledge or assignment of Green Bank's revenues as provided therein is hereby approved; and

Deleted: for

**RESOLVED**, that to accomplish the financing of the SHREC Receivables for SHREC Tranche 3 and to fund its cost recovery under the RSIP and provide for long term financing of the SHRECs, the issuance of the Bonds by Green Bank is hereby authorized and approved. The Bonds shall be in an aggregate principal amount not to exceed \$25,000,000 and the redemption provisions, if any, sinking fund installment payments, if any, interest rates, maturity dates (not to exceed twenty years from the date of the Bonds) and other terms of the Bonds shall be determined and/or approved by an Authorized Representative (as hereinafter defined) within such limitations permitted herein and by the Act, and the execution of the Purchase Contract (as defined herein) reflecting such terms by an Authorized Representative shall constitute conclusive evidence of such determination; and

**RESOLVED**, that the Bonds shall be special obligations of Green Bank, payable solely by a pledge or assignment of any revenues to be received, any contract or proceeds of any contract, or any other property, revenues, moneys or funds available to Green Bank for such purpose as described in the Indenture of Trust. Neither the State of Connecticut nor any political subdivision thereof shall be obligated to pay the principal of or the interest on the Bonds except from revenues of SHREC Receivables and other revenues pledged therefor under the Indenture of Trust. Neither the full faith and credit nor the taxing power of the State of Connecticut or any political subdivision thereof, including the Green Bank, is pledged to the payment of the principal of or interest on the Bonds; and

**RESOLVED**, that the Findings of Self Sufficiency Report (the "Report") presented to the Board at this meeting, including each of the Findings and the Determination herein, is hereby approved and adopted, and an Authorized Representative (as defined herein) is (a) authorized to make revisions to the Report, provided such revisions do not materially change the Findings and Determination contained therein, and such Report as revised shall be and is hereby deemed approved by the Board, and (b) authorized to take appropriate actions to secure the SCRF for the Bonds when and if he or she determines, in his or her discretion, that it is in the best interests of Green Bank to secure the SCRF in connection with the issuance of the Bonds, and provided Green Bank complies with all statutory requirements for the SCRF, which will require among other things (1) State of Connecticut Office of Policy and Management approval, and (2) approval by the Office of the State Treasurer and other documentation required under the Act; and

Deleted: Findings

Deleted: are

Deleted: an Authorized Representative

**RESOLVED**, that the interest on the Bonds shall be includable in the gross income of the holders thereof for federal income tax purposes under the Internal Revenue Code of 1986, as amended, it being hereby found and determined by Green Bank that such issuance is necessary, is in the public interest, and is in furtherance of the purposes and powers of Green Bank; and

**RESOLVED**, that the Master Trust Indenture and the Indenture of Trust, substantially in the forms presented to this meeting, are hereby approved; provided, that if an Authorized Representative determines, as provided herein, that it is not in the best interests of Green Bank

to secure the SCRF in connection with the issuance of the Bonds, the Master Trust Indenture and the Indenture of Trust may be revised to reflect any changes to the form, terms and provisions thereof, as determined by an Authorized Representative; and

**RESOLVED**, that the Bonds shall be sold to the Ramirez & Co., for itself and as representative for Stifel & Co., as the initial purchaser (the "Initial Purchaser"), under the terms and conditions of a bond purchase contract (the "Purchase Contract") and subject to certain continuing disclosure requirements as provided in a continuing disclosure agreement (the "Continuing Disclosure Agreement") entered into by Green Bank in connection with the issuance of the Bonds; and

**RESOLVED**, that the form, terms and provisions of the Preliminary Official Statement for the Bonds dated on or about April 9, 2020 as presented to the Board at this meeting be, and they hereby are, approved; provided, that if an Authorized Representative determines, as provided herein, that it is not in the best interests of Green Bank to secure the SCRF in connection with the issuance of the Bonds, the Preliminary Official Statement may be revised to reflect any changes to the form, terms and provisions thereof, as determined by an Authorized Representative; and further

**RESOLVED**, that in connection with the Bonds, the President and any Officer of Green Bank (each, an "Authorized Representative") be, and each of them acting individually hereby is, authorized and directed in the name and on behalf of Green Bank, to prepare and deliver, or cause to be prepared and delivered, a final Official Statement relating to the Bonds, including any revisions thereof and amendments and supplements thereto, to execute and deliver the Bonds, the Master Trust Indenture, the Indenture of Trust, the Purchase Contract, the Continuing Disclosure Agreement, and any other documents or instruments, with such changes, insertions and omissions as may be approved by an Authorized Representative, as he or she deems advisable for the purpose of issuing the Bonds (collectively, the "Financing Documents") and the execution and delivery of said Financing Documents shall be conclusive evidence of any approval required by this Resolution; and

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

c. Green Bond Framework

#### **Resolution #4**

**WHEREAS**, The Connecticut Green Bank seeks to provide transparency to the general public and set the standard in impact assessment;

**WHEREAS**, The Connecticut Green Bank intends to issue bonds with greater frequency and wishes to do so more efficiently; and

**WHEREAS**, the Audit, Compliance and Governance Committee reviewed on March 11, 2020 and recommends the Green Bond Framework to the Board of Directors for approval.

**RESOLVED**, that the Board of Directors approves the proposed Green Bond Framework.

6. Financing Programs Recommendations and Updates – 25 minutes

a. Skyview Ventures

**Resolution #5**

**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 (“Skyview”), and through that relationship the Green Bank has an opportunity to deploy capital for the development of clean energy in Connecticut;

**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; and

**WHEREAS**, based on diligence of Green Bank staff of the proposed senior secured loan facility (“Term Loan”) in an amount not to exceed \$2.3M to a Special Purpose Vehicle (“SPV”) wholly owned by Skyview confirming that the Term Loan transaction meets Green Bank underwriting criteria, the Green Bank Deployment Committee (the “Deployment Committee”) passed resolutions at its meeting held on February 27, 2020 to recommend to the Green Bank Board of Directors (the “Board”) the approval of the Term Loan transaction as a Strategic Selection and Award pursuant to the Green Bank Operating Procedures Section XII.

**NOW**, therefore be it:

**RESOLVED**, that the Board hereby approves the Term Loan transaction as described in the Project Qualification Memo submitted by the staff to the Board and dated March 18, 2020 (the “Memorandum”) and on terms and conditions substantially consistent with those described in 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 Term Loan transaction; and

**RESOLVED**, that the proper Green Bank officers are authorized and empowered to do all other acts and execute and deliver all other documents as they shall deem necessary and desirable to effect this Resolution.

b. Expansion of Green Bank Solar PPA Program

**Resolution #6**



**WHEREAS**, when the Green Bank Board of Directors (the “Board of Directors”) passed resolutions at its October 26, 2018 meeting, as modified by resolutions passed at its July 18, 2019 meeting, approving funding in a total not-to-exceed 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 3rd-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 so financed 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 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 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.

**RESOLVED**, that the President of Green Bank; and any other duly authorized officer of Green Bank, is authorized to execute and deliver, any contract or other legal instrument necessary to continue to develop and finance commercial PPA projects on such terms and conditions as are materially consistent with the memorandum submitted to the Green Bank Board on March 18, 2020 ; and

**RESOLVED**, that the proper Green Bank officers are authorized and empowered to do all other acts and execute and deliver all other documents as they shall deem necessary and desirable to effect the above-mentioned legal instrument.

c. PosiGen

**Resolution #7**

**WHEREAS**, the Connecticut Green Bank (“Green Bank”) has an existing partnership with PosiGen, Inc. (together with its affiliates and subsidiaries, “PosiGen”) to support PosiGen in delivering a solar lease and energy efficiency financing offering to LMI households in Connecticut;

**WHEREAS**, the Green Bank Board of Directors (“Board”) previously authorized and later amended the Green Bank’s participation in a credit facility (the “BL Facility”) encompassing all of PosiGen’s solar PV system and energy efficiency leases in the United States as part of the company’s strategic growth plan, in an amount not to exceed \$14 million;

**WHEREAS**, the Board previously authorized and later amended the Green Bank’s ability to lend additional funds to PosiGen under the separate PBI-only facility (the “PBI Facility”) in addition to the BL Facility, provided that Inclusive Prosperity Capital (“IPC”) would participate in said PBI Facility and Green Bank capital outstanding under the PBI facility (net of IPC’s participation) would not exceed \$5 million total;

**WHEREAS**, PosiGen intends to refinance the existing BL Facility by replacing mezzanine capital sourced from the Green Bank with capital sourced from another capital provider, and plans to attract equity investors including New Island Capital (“New Island”) (collectively, the mezzanine refinancing and the preferred financing referred to as the “PosiGen Refinancing”) as explained in the memorandum to the Board dated March 23, 2020 (the Board Memo”);

**WHEREAS**, in order to participate in the PosiGen Refinancing, New Island seeks to liquidate its senior loan to PosiGen secured by the REA portfolio and the Green Bank staff has recommended that the Green Bank redeploy a portion of the capital returned to the Green Bank by way of the PosiGen Refinancing into the senior lending position against the REA portfolio held by New Island;

**WHEREAS**, in order to make efficient use of performance based incentive collateral (the “PBI Collateral”) and to redeploy a portion of the capital returned to the Green Bank by way of the PosiGen Refinancing, staff recommends (a) increasing the PBI Facility supported by the PBI Collateral to permit additional advances by Green Bank that can be supported by the PBI Collateral and (b), if requested (on one or more occasions) by IPC within ninety (90) days of these resolutions and provided the PosiGen Refinancing takes place in its entirety as explained in the Board Memo, the Green Bank may fund additional investment against the PBI Collateral in order to reduce IPC’s participation, as it may request, to zero.

**NOW**, therefore be it:

**RESOLVED**, that the Board approves of the PosiGen Refinancing provided that Green Bank capital outstanding under the BL Facility does not exceed \$6.8 million;

**RESOLVED**, that the Green Bank Board authorizes the Green Bank to lend additional funds to PosiGen under the PBI Facility provided that Green Bank capital outstanding under the PBI Facility does not exceed \$10 million;

**RESOLVED**, that the Green Bank Board authorizes the Green Bank to consent to an increase in the advance rate by Ares Capital against the back leverage portfolio as explained in the Board Memo;

**RESOLVED**, that the proper Green Bank officers are authorized and empowered to do all other acts and negotiate and deliver all other documents and instruments as they shall deem necessary and desirable to effect the above-mentioned legal instruments.

7. Adjourn

Join the meeting online at <https://global.gotomeeting.com/join/516219413>

Or call in using your telephone:  
Dial (786) 535-3211  
Access Code: 516-219-413

Next Regular Meeting: Friday, April 24, 2020 from 9:00-11:00 a.m.  
Connecticut Green Bank, 845 Brook Street, Rocky Hill, CT



CONNECTICUT  
**GREEN BANK** SM

# Board of Directors Meeting

March 25, 2020  
**Online Meeting**

# Board of Directors

## Agenda Item #1

### Call to Order

Board of Directors  
Agenda Item #2  
Public Comments

# Board of Directors

## Agenda Item #3

### Consent Agenda

# Consent Agenda

## Resolutions 1 and 2



1. **Meeting Minutes** – approve meeting minutes of January 24, 2020
2. **Inclusive Prosperity Capital** – approve sub-grant from Harvard and USDOE through new PSA



# Board of Directors

## Agenda Item #6a

### Skyview Ventures

# Skyview Ventures

## Senior Secured Loan Facility



### *Overview*

- **Skyview Ventures** – CT commercial solar developer; in business since 2008; [REDACTED] ([REDACTED] projects) under management
- **Existing Green Bank relationship** – Sold 6 projects representing [REDACTED] ([REDACTED] total project value) over 2 transactions in the past 5 months
- **Transaction** – senior secured debt facility in an amount not to exceed \$2.3M; [REDACTED] DSCR; [REDACTED] year term; [REDACTED]
- **Security** – Up to 20 commercial solar PPA projects with investment grade, municipal off-takers
- **Use of proceeds** – for the development and longer term financing and re-financing of CT clean energy projects.

# Skyview Ventures

## Senior Secured Loan Facility



### *Transaction Structure Diagram*

***REDACTED***

# Skyview Ventures

## Senior Secured Loan Facility



*Collateral Snapshot\**

**REDACTED**

*\*Subject to completion of technical due diligence*

# Skyview Ventures

## Senior Secured Loan Facility



### *Risks and Mitigants*

- **Operational risk** – revenue, and ultimately DSCR, depend on production (kWh) performance
- **Mitigants:**
  1. Diligence: 45% of collateral projects have been operational for 3+ years and have achieved [REDACTED] of expected production yearly
  2. Same diligence performed on collateral as on CGB-developed commercial solar assets
  3. Stress tested cashflows: even at [REDACTED] of expected production, DSCR is [REDACTED]
  4. For a DSCR of [REDACTED], production would have to be [REDACTED] below expectations for duration of the term

# Skyview Ventures

## Senior Secured Loan Facility



### *Risks and Mitigants*

- **Default risk** – Skyview fails to make debt repayments
- **Mitigants:**
  1. The debt is sized such that DSCR is [REDACTED], providing a healthy buffer
  2. The advance rate is [REDACTED]
  3. Reserves of [REDACTED] interest and principal payments must be maintained
  4. Downside scenario (CGB takes ownership of the collateral) is within our operational comfort zone (CGB has 20 MW commercial solar assets under management)

# Skyview Ventures

## Senior Secured Loan Facility



### Resolutions

**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 (“Skyview”), and through that relationship the Green Bank has an opportunity to deploy capital for the development of clean energy in Connecticut;

**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; and

**WHEREAS**, based on diligence of Green Bank staff of the proposed senior secured loan facility (“Term Loan”) in an amount not to exceed \$2.3M to a Special Purpose Vehicle (“SPV”) wholly owned by Skyview confirming that the Term Loan transaction meets Green Bank underwriting criteria, the Green Bank Deployment Committee (the “Deployment Committee”) passed resolutions at its meeting held on February 27, 2020 to recommend to the Green Bank Board of Directors (the “Board”) the approval of the Term Loan transaction as a Strategic Selection and Award pursuant to the Green Bank Operating Procedures Section XII.

**NOW**, therefore be it:

**RESOLVED**, that the Board hereby approves the Term Loan transaction as described in the Project Qualification Memo submitted by the staff to the Board and dated March 18, 2020 (the “Memorandum”) and on terms and conditions substantially consistent with those described in 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 Term Loan transaction; and

**RESOLVED**, that the proper Green Bank officers are authorized and empowered to do all other acts and execute and deliver all other documents as they shall deem necessary and desirable to effect this Resolution.

# Board of Directors

## Agenda Item #6b

### Expansion of Green Bank Solar PPA



# Commercial Solar PPA Investment Program

Expansion of debt financing



*The journey so far...*

1. **CGB-developed and owned commercial solar assets** – 19.5 MW; 90 projects
2. **CGB-developed assets sold to third parties** – 9.4 MW, 14 projects
3. **CGB-developed assets sold to third parties with CGB secured debt advanced concurrently** – 3.1 MW, 20 projects
  - Projects sold to Sunwealth and Skyview Ventures
  - [REDACTED] lent to Sunwealth
  - [REDACTED] lent to Skyview

# Commercial Solar PPA Investment Program

Expansion of debt financing



*Opportunity for expansion*

## **Debt facilities secured by CT commercial solar PPA assets that are developed by third parties**

### **Why?**

- A **practical, progressive** step in our attempt to bring scale to CT's commercial solar PPA sector
- Since closing SL2 and SL3, CGB's intention was not to establish a new fund (transaction costs)
- Instead, we continued to meet market demand for development of PPA projects, typically at a smaller scale and with underserved off-takers
- In continuing this development work we realized an additional market role: to lend against smaller portfolios of transactions which for various reasons are not attractive at present to private capital at interest rates that allow project owners to provide value to off-takers.

# Commercial Solar PPA Investment Program

## Expansion of debt financing



### *Opportunity for expansion*

### **Why? (continued)**

- This expansion fits with our strategic shift to use our investment platform to supply capital at scale for deployment in the CT commercial solar sector
- Building a portfolio of these secured debt transactions will also allow us to raise capital once we aggregate a number of projects through our Green Liberty Bond program (where we can raise funding in the current market at about 3 to 3-1/2%.)
- Urgency: we are running up against declining federal investment tax credit rates and an expiring ZREC program – so we need to move even faster while the market is pushing up against these headwinds
- Our transaction with Skyview has given us a precedential diligence process and suite of loan documentation, reducing future transaction costs.

# Commercial Solar PPA Investment Program

## Expansion of debt financing



**WHEREAS**, when the Green Bank Board of Directors (the “Board of Directors”) passed resolutions at its October 26, 2018 meeting, as modified by resolutions passed at its July 18, 2019 meeting, approving funding in a total not-to-exceed 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 3rd-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 so financed 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.

# Commercial Solar PPA Investment Program

## Expansion of debt financing



**NOW**, therefore be it:

**RESOLVED**, 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 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:

- 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
- Sell solar PPA projects developed by Holdings to third parties.

**RESOLVED**, that the President of Green Bank; and any other duly authorized officer of Green Bank, is authorized to execute and deliver, any contract or other legal instrument necessary to continue to develop and finance commercial PPA projects on such terms and conditions as are materially consistent with the memorandum submitted to the Green Bank Board on March 18, 2020 ; and

**RESOLVED**, that the proper Green Bank officers are authorized and empowered to do all other acts and execute and deliver all other documents as they shall deem necessary and desirable to effect the above-mentioned legal instrument.

# Board of Directors

## Agenda Item #6c

### PosiGen

# PosiGen PBI Financing Facility

## Background



### ▪ Brief History / Existing Board Authorization

- **Strategic Partner to Green Bank** – Residential Solar Financing RFP (Dec 2014), PosiGen responded with a comprehensive proposal to deliver solar PV and energy efficiency financing to low and moderate income (“LMI”) households in CT
- **“Back Leverage” current support** – “not-to-exceed ~~\$15~~ \$14 million(\*)” limit for PosiGen global back-leverage facility subordinated to Ares Capital (██████████) and New Island Capital (██████████)
  - CGB – w/Ares exposure: \$12.7m (██████████) (~13k sys)
  - CGB – w/New Island exposure: \$ 1.3m (██████████) (~1k sys)

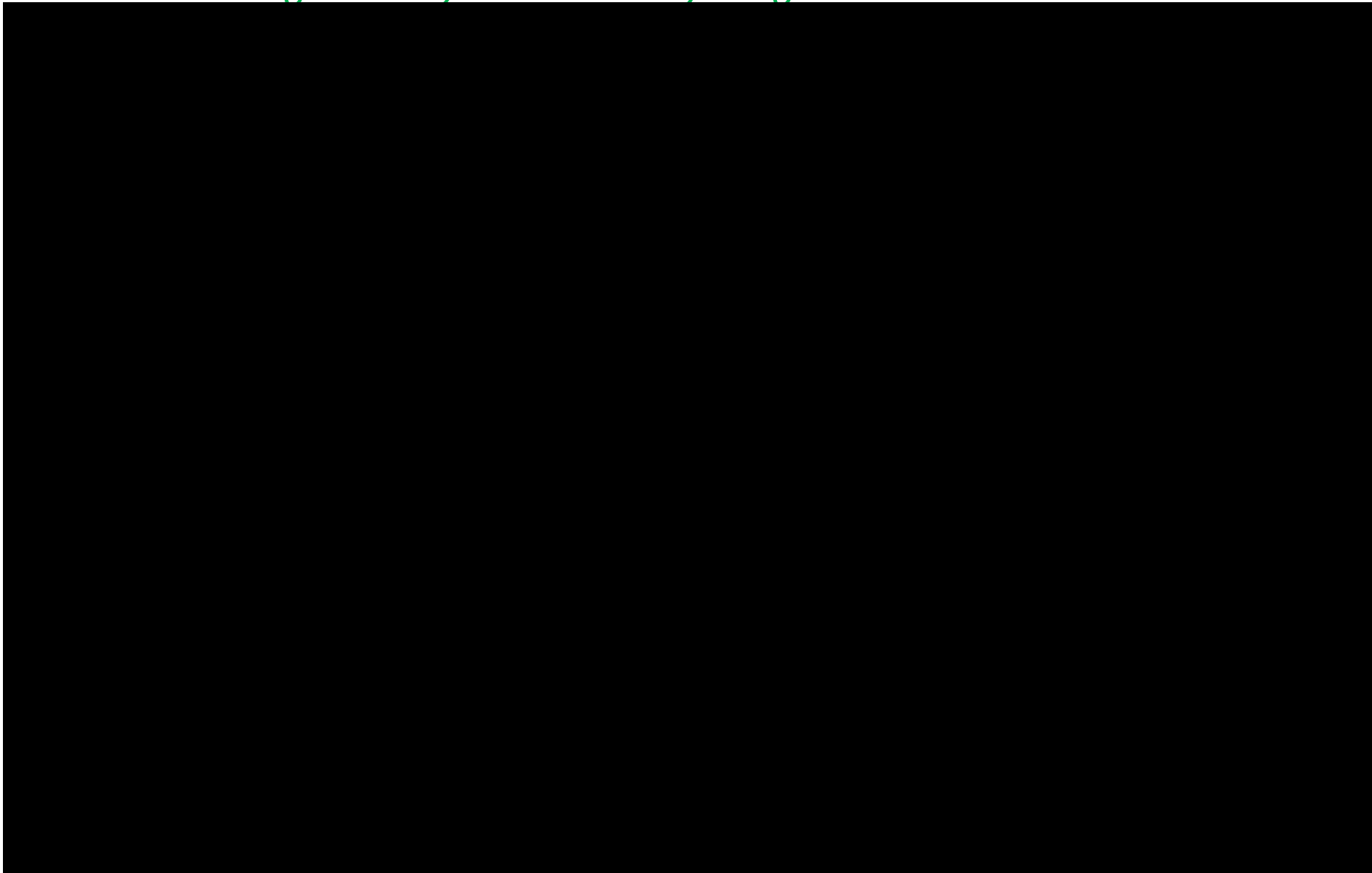
**\$14.0m**

### ▪ **PBI Financing Facility**

- “not-to-exceed \$8 million” limit (underwritten by Green Bank (\$5m max) with IPC participation)
  - IPC Participation currently \$2.4m (senior)
  - CGB Participation (approved Dec 2019) currently \$4.2m (junior)
  - \$6.6m total (CGB + IPC) backed by \$8.5m gross CF (3,100 systems)
- **Collateral for \$14m Back-Leverage Facility** – collateralized by solar lease and energy efficiency financing agreement cash flows; intentionally excluded PBI cash flows
  - **Collateral for \$8m PBI / LMI-PBI Facility** –
    - collateralized by PBI and LMI-PBI cash flows paid by Green Bank to Project Hold Co (and are carved out from the regular lease cashflows supporting the back-leverage facility)
    - PBI cash flows subject to production risk but not the credit risk of the underlying homeowners

# PosiGen Facilities

*Back Leverage Facility & PBI Facility Diagram*





# PosiGen Facilities

*Back Leverage Facility & PBI Facility Diagram*



# PosiGen Facilities

## Back Leverage Facility & PBI Facility Diagram



### CT Green Bank PosiGen Facilities

CT Green Bank	Existing				Proposed			
	Facility Size	Senior/Sub	Outstanding	Rate	Facility Size	Senior/Sub	Outstanding	Rate
Ares B/L	\$12,655,519	Subordinated	\$12,655,519	7.50%	\$0	Subordinated	\$0	6.25%
New Island B/L	\$1,344,481	Subordinated	\$1,344,481	7.50%	\$6,722,404	Senior	\$6,722,404	6.25%
<b>Total B/L</b>	<b>\$14,000,000</b>		<b>\$14,000,000</b>		<b>\$6,722,404</b>		<b>\$6,722,404</b>	
PBI Financing	\$5,000,000	Subordinated	\$4,228,886	7.50%	\$10,000,000	Senior	\$6,655,758	6.25%
<b>Total</b>	<b>\$19,000,000</b>		<b>\$18,228,886</b>		<b>\$16,722,404</b>		<b>\$13,378,162</b>	
					<b>(\$2,277,596)</b>		<b>(\$4,850,724)</b>	
IPC PBI Financing	\$4,100,000		\$2,426,872		\$0		\$0	

## PosiGen Back Leverage Financing Facility

### Lower Backleverage Funding Limit

- Current Financing BL limit from Green Bank not to exceed \$14m (**subordinated**)
- Proposed Financing BL limit from Green Bank not to exceed \$6.7m (**senior**)
- **Reduction in backleverage funding of \$7.3m & eliminates subordinated position**

## PosiGen PBI Financing Facility

### Raise PBI Funding Limit

- Current PBI Financing from Green Bank up to \$5m (\$4.2m o/s)
  - Backed by PBI collateral (no additional collateral – no additional loans)
- **Proposed PBI Financing from Green Bank up to \$10m**
  - Enable IPC to reduce their senior participation position to \$0 (reduce by \$2.4m)
  - Green Bank to increase \$2.4m – become sole PBI funder (eliminates subordination)
  - Could have outstanding up to \$10m
  - Backed by PBI collateral – lending against CGB future payments to PosiGen

**Overall PosiGen Exposure Decreases to \$16.7m (from \$19m)**

# PosiGen PBI Financing Facility Resolutions



**RESOLVED**, that the Board approves of the PosiGen Refinancing provided that Green Bank capital outstanding under the BL Facility does not exceed \$6.8 million;

**RESOLVED**, that the Board authorizes the Green Bank to lend additional funds to PosiGen under the PBI Facility provided that Green Bank capital outstanding under the PBI Facility does not exceed \$10 million;

**RESOLVED**, that the Board authorizes the Green Bank to consent to an increase in the advance rate by Ares Capital against the back leverage portfolio as explained in the Board Memo;

**RESOLVED**, that the proper Green Bank officers are authorized and empowered to do all other acts and negotiate and deliver all other documents and instruments as they shall deem necessary and desirable to effect the above-mentioned legal instruments.

# Board of Directors

## Agenda Item #5c

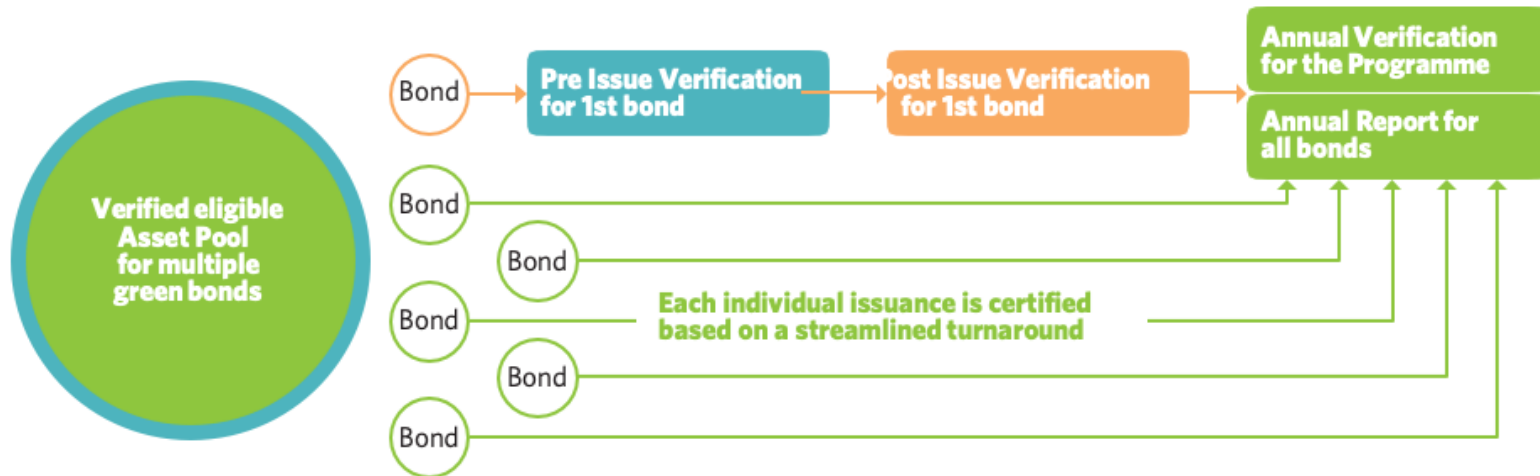
### Green Bond Framework



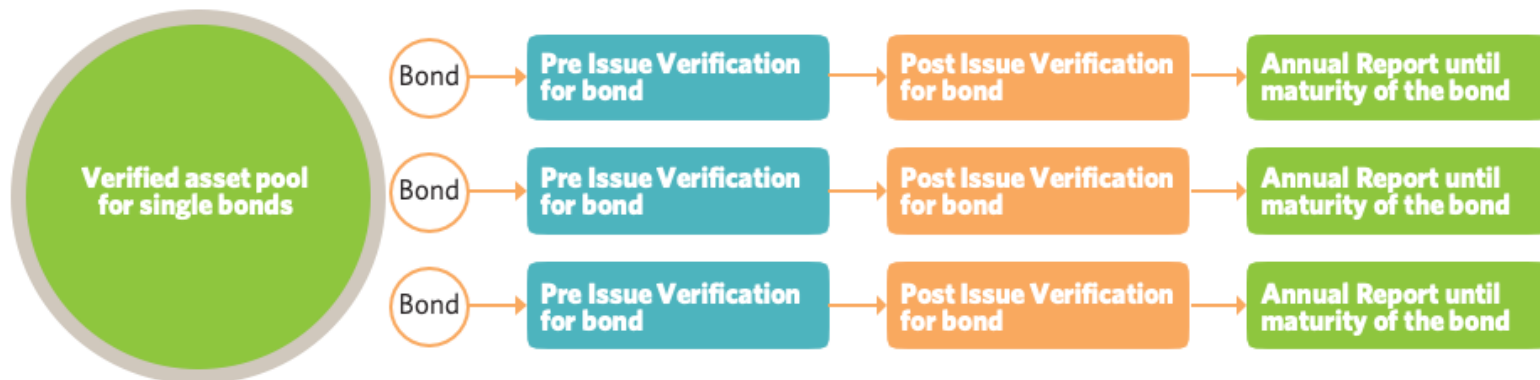
# Green Bond Certification Routes



## Programmatic Certification for multiple green issuance



## Basic Certification for individual green issuance



# Board of Directors

## Agenda Item #4

### Other Business

# COVID-19 Response

## Operations and Stakeholder Impact

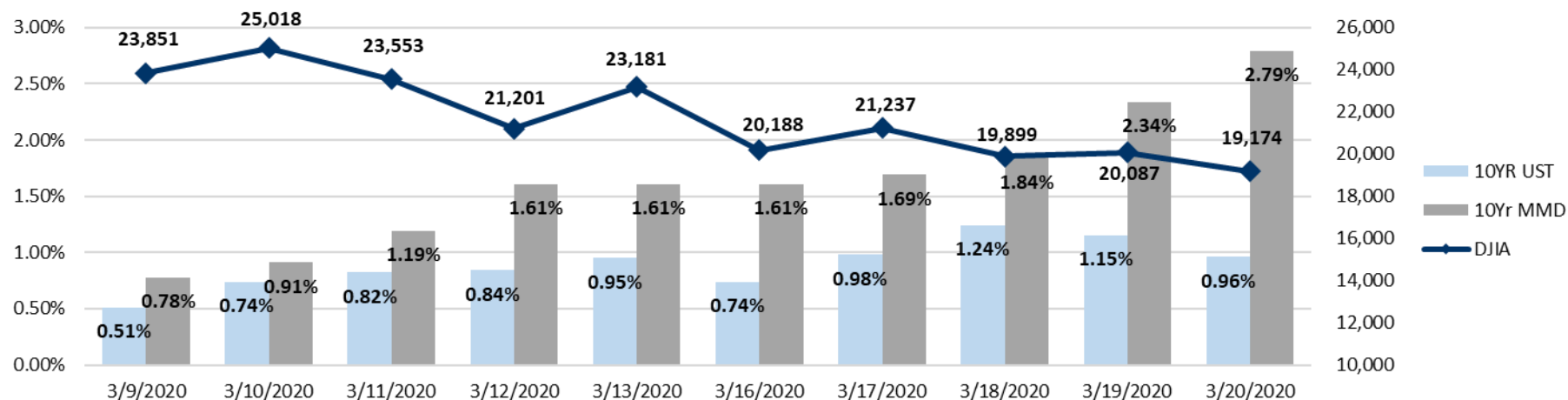


- **Operations** – top priority is ensuring the health and safety of the staff (i.e., practicing “social distancing”) while remaining “open for business (i.e., practicing telecommuting). Currently assessing cash flow position (i.e., revenues, expenses, and investments) in anticipation of longer “shelter in place” cycles (i.e., through April, June, and December).
- **Stakeholders** – continuing to assess possible problems and potential solutions for contractors, customers, and capital providers to support communications and appropriate responses given the circumstances (note – some responses may require BOD approval).
- **Planning** – trying to look ahead and plan accordingly (i.e., FY 2021 budget, targets, and investments), as well as being a voice of leadership at the state level with regards to public policy (e.g., pending Joint Committee “Clean Energy Jobs Study” including COVID-19) and federal level with regards to stimulus (e.g., federal response to the housing crisis is analogous to COVID-19 impact on the economy)



# Global and Municipal Market Update

Monday	Tuesday	Wednesday	Thursday	Friday
<b>March 9</b>	<b>March 10</b>	<b>March 11</b>	<b>March 12</b>	<b>March 13</b>
Global markets sank after global oil nose-dived as price war between Saudi Arabia and Russia; oil was down over 25% on the day as too much oil supply. Gold hit a 7-year high	Equities rebounded from the worst rout since 2008 on speculation the Trump administration will deliver stimulus to combat the effects of the spreading coronavirus	Municipal market decoupled from the UST market and this continued into Thursday as the secondary market was in a free-fall and the primary market was at a halt	The Dow closed down 10%, worst day since 1987 stock market crash and MMD went up by an unprecedented amount of 35 to 50 bps across the curve	President Trump declared a state of emergency
<b>March 16</b>	<b>March 17</b>	<b>March 18</b>	<b>March 19</b>	<b>March 20</b>
Sunday (3/15) FOMC with emergency 100 bps rate cut; Oil ended at \$28/barrel and the Dow was down ~13%	Trump administration pushed for an economic stimulus package of approx. \$1 trillion. Equities rose 1,049 and municipal yields continued to rise, particularly on the front end.	Congress and the President continued to push through legislation in response to the coronavirus. Equities fell, US Treasuries sold off, and oil is \$22/barrel. SIFMA reset at 5.2%	Investors pulled a record \$12.2 bn out of municipal bond funds in the week ended Wednesday. AAA MMD benchmark yields rose 50 bps in all maturities. Equity prices rose slightly.	As federal and state governments continued to take action on multiple fronts, equities fell, US Treasury rates declined, and municipals continued their selloff.



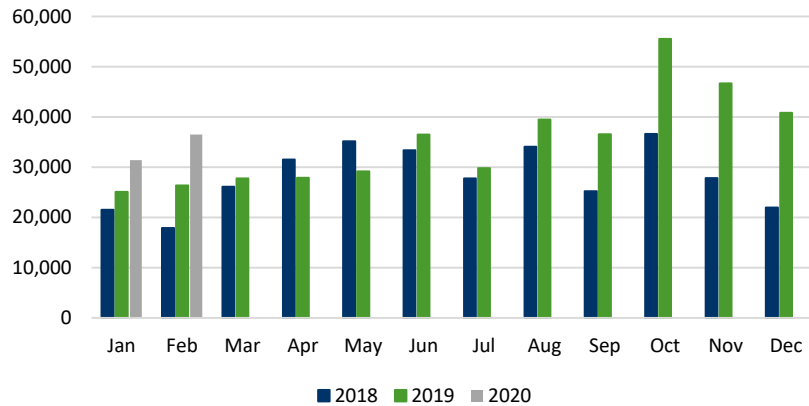
Source: Bond Buyer and Thomson Reuters as of 03/20/2020



# Current Dynamics in the Municipal Market

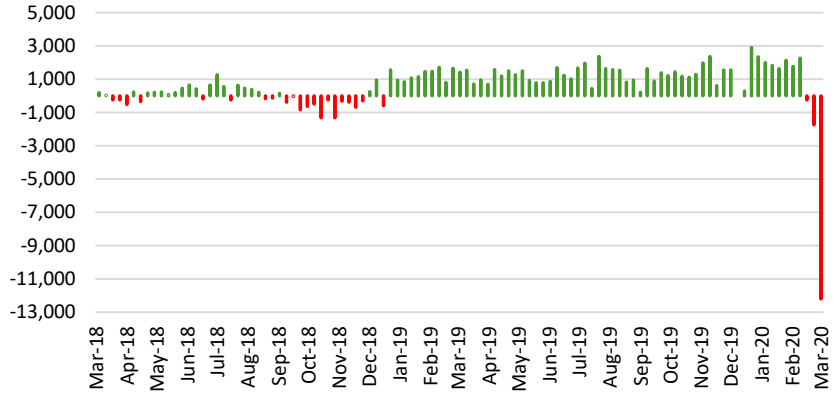
## New Issuance Volume - \$67.88 billion 2020YTD; ↑ 31.96% YOY

\$ in Millions

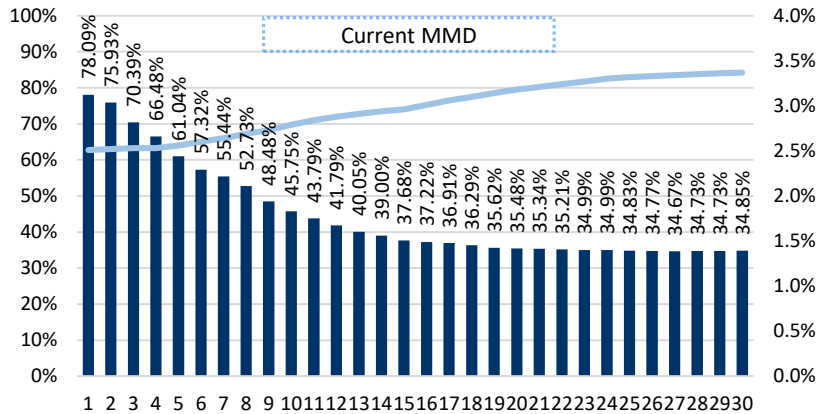


## Muni Fund Inflows YTD Total \$2.63 Bn

\$ in Millions

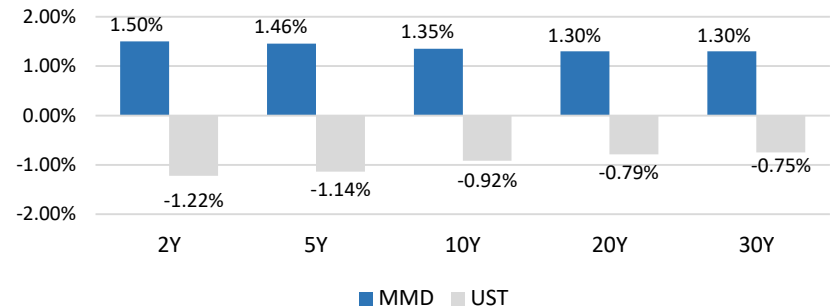


## % of Time MMD Has Been Lower Since 2000



## MMD and UST Movement Since January 2, 2020

in percent



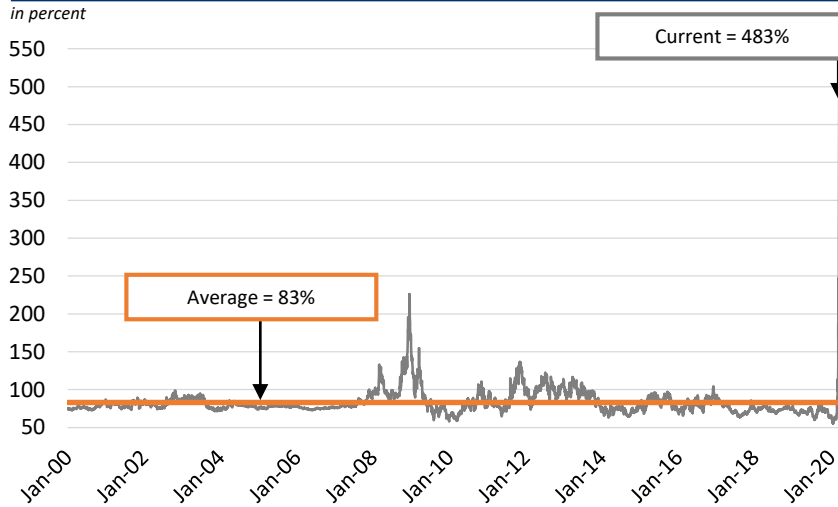
	3/20 Close	2Y	5Y	10Y	20Y	30Y
MMD		2.52%	2.56%	2.79%	3.18%	3.37%
UST		0.36%	0.53%	0.96%	1.43%	1.59%

Source: Bond Buyer and Thomson Reuters as of 03/20/2020

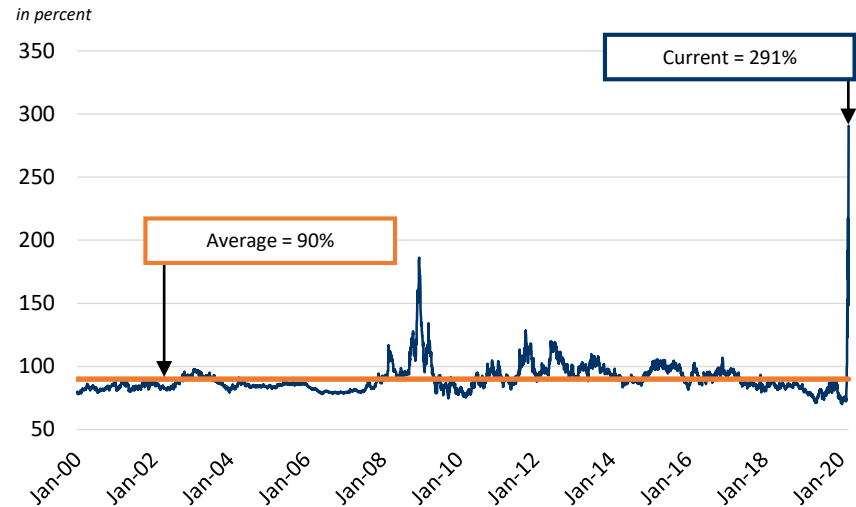


# Weekly Market Charts

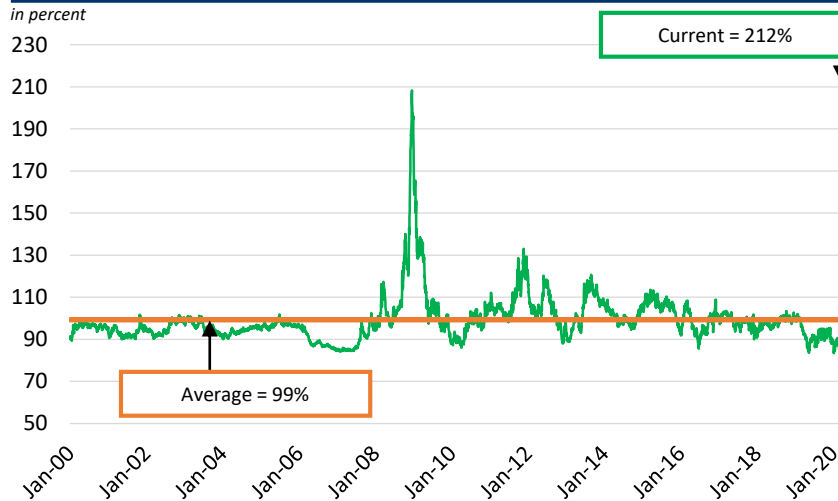
## 5-Yr MMD as a % of 5-Yr US Treasury (Since 2000)



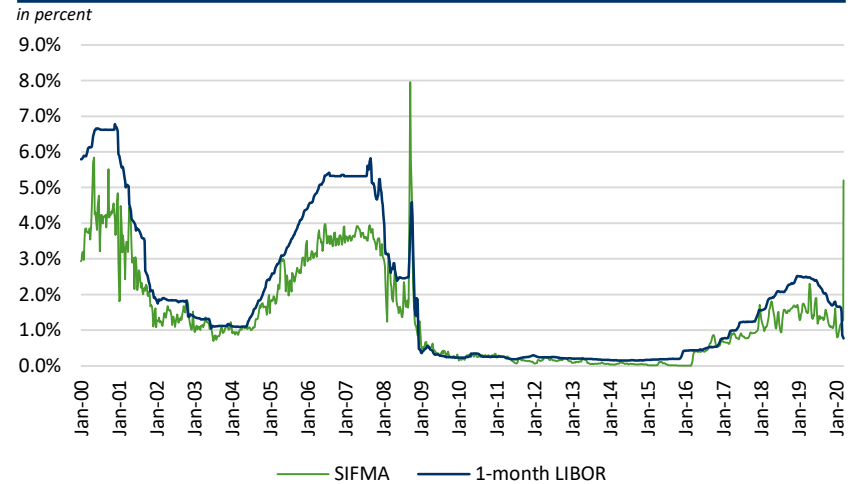
## 10-Yr MMD as a % of 10-Yr US Treasury (Since 2000)



## 30-Yr MMD as a % of 30-Yr US Treasury (Since 2000)



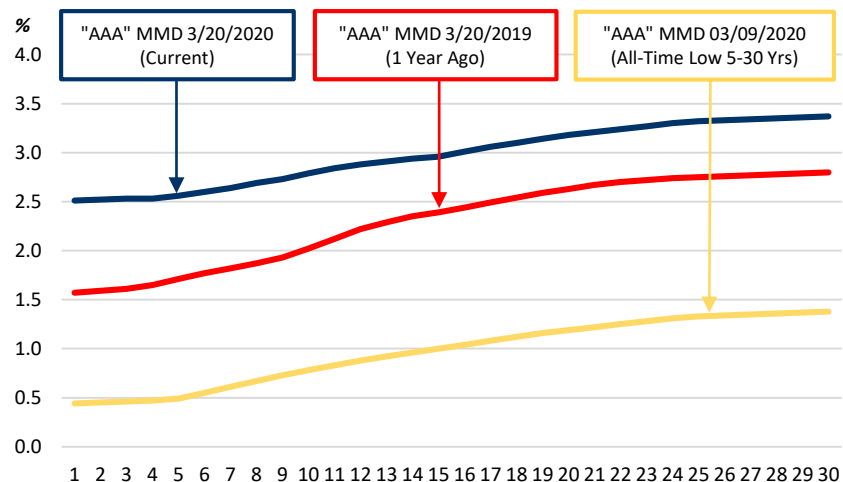
## SIFMA & 1-month LIBOR



Source: Thomson Reuters as of close 03/20/2020

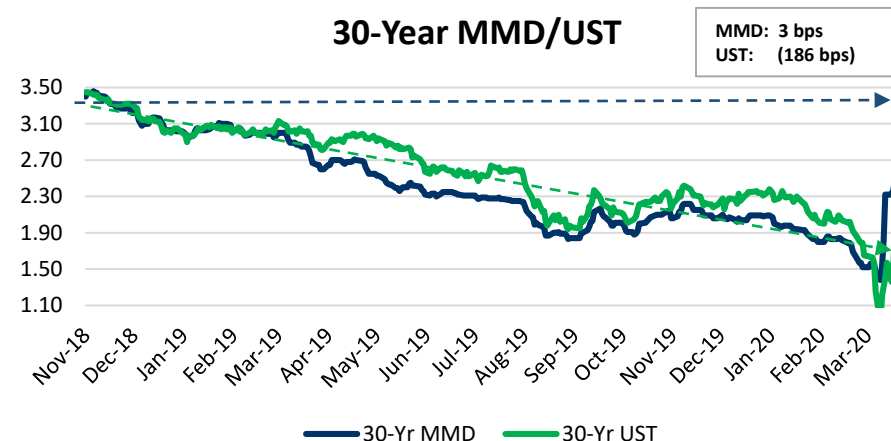
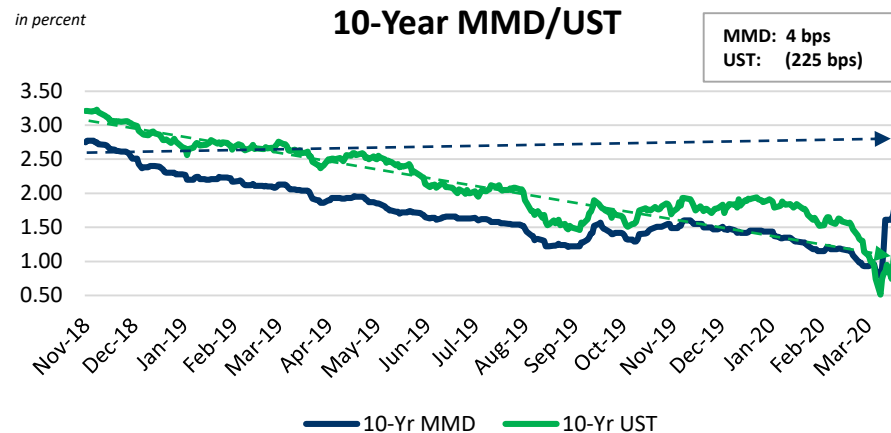
# Weekly Market Charts (cont.)

## MMD Curves



	1/2/2020	3/20/2020	Change
5-Year MMD	1.10%	2.56%	146 bps
10-Year MMD	1.44%	2.79%	135 bps
30-Year MMD	2.07%	3.37%	130 bps
5-Year UST	1.67%	0.53%	-114 bps
10-Year UST	1.88%	0.96%	-92 bps
30-Year UST	2.34%	1.59%	-75 bps
5-Year MMD/UST	65.87%	483.02%	417.15%
10-Year MMD/UST	76.60%	290.63%	214.03%
30-Year MMD/UST	88.46%	211.95%	123.49%

## UST/MMD Movements Since Market Highs in November 2018



Source: Thomson Reuters as of close 03/20/2020

# COVID-19 Response

## Observations on the US Economy



- **Covid-19 spread**
- **US Economic Impact**
- **US Consumer Impact**
- **State / Local Govt Impact**
- **Green Bank Focus**

# COVID-19 Response



## A pandemic sweeping the globe – US ranks #3



Coronavirus COVID-19 Global Cases by the Center for Systems Science and Engineering ...



Total Confirmed  
**421,792**

Confirmed Cases by  
Country/Region  
/Sovereignty

- 81,591** China
- 69,176** Italy
- 54,893** US
- 42,058** Spain
- 32,991** Germany
- 24,811** Iran
- 22,633** France
- 9,877** Switzerland
- 9,037** Korea, South
- 8,164** United Kingdom

Admin1

Last Updated at (M/D/YYYY)  
3/24/2020, 9:57:33 PM

169  
countries/regions

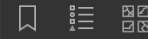
Lancet Inf Dis Article: [Here](#). Mobile Version: [Here](#). Visualization: JHU CSSE.  
Automation Support: [Esri Living Atlas team](#) and [JHU APL](#). Contact [US](#). [FAQ](#).  
Data sources: [WHO](#), [CDC](#), [ECDC](#), [NHC](#), [DXY](#), [1point3acres](#),  
[Worldometers.info](#). [BNO](#). state and national government health



Cumulative Confirmed Cases

Active Cases

Esri, FAO, NOAA



Total Deaths  
**18,883**

6,820 deaths  
Italy

3,160 deaths  
**Hubei** China

2,991 deaths  
Spain

1,934 deaths  
Iran

1,100 deaths  
France

422 deaths  
United Kingdom

276 deaths  
Netherlands

Total Recovered  
**107,762**

**60,324**  
recovered  
**Hubei** China

**8,913** recovered  
Iran

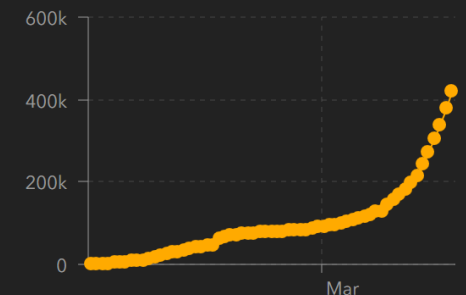
**8,326** recovered  
Italy

**3,794** recovered  
Spain

**3,507** recovered  
Korea, South

**3,290** recovered  
Germany

**3,281** recovered

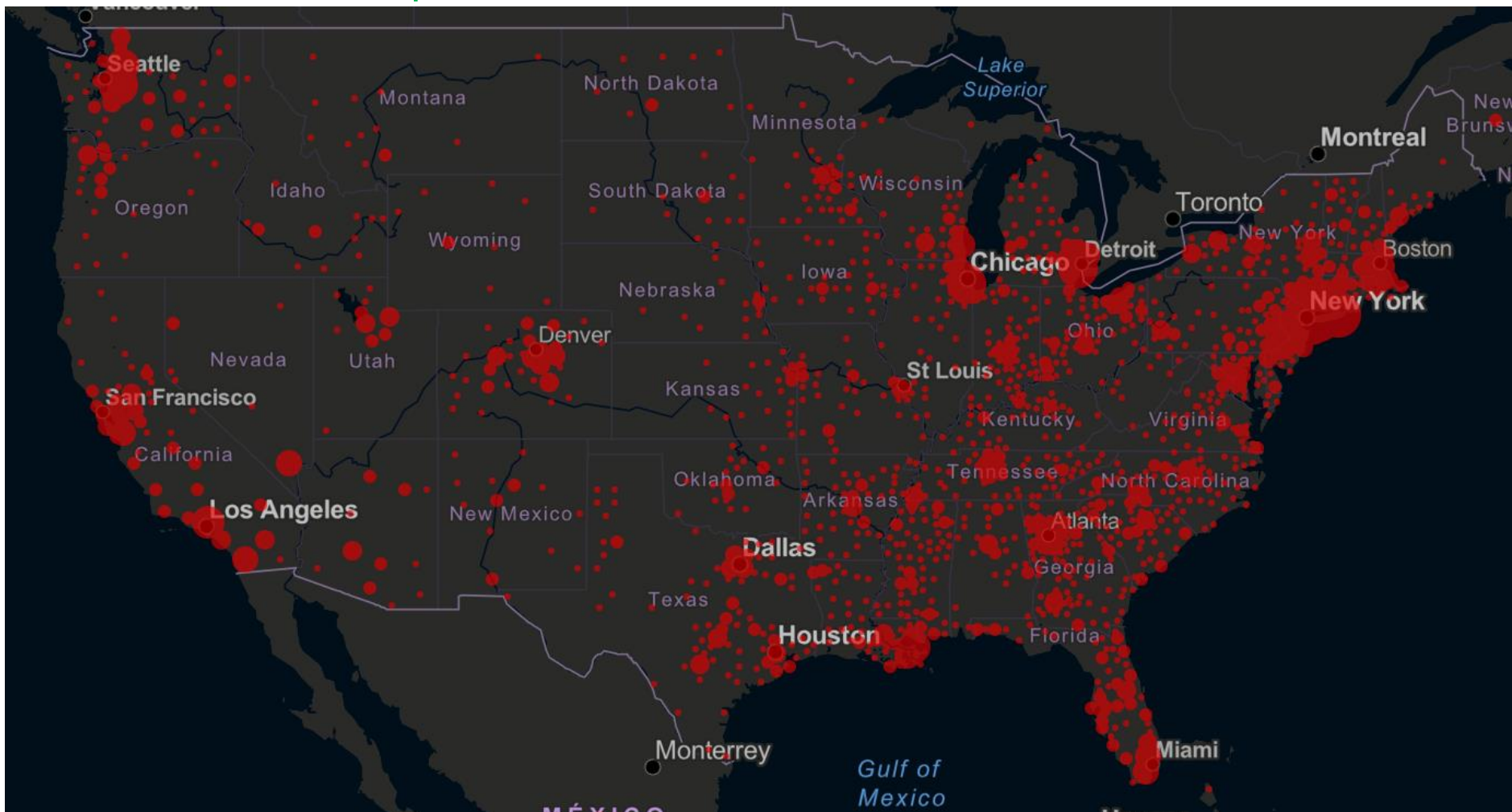


Confirmed

Daily Increase

# COVID-19 Response

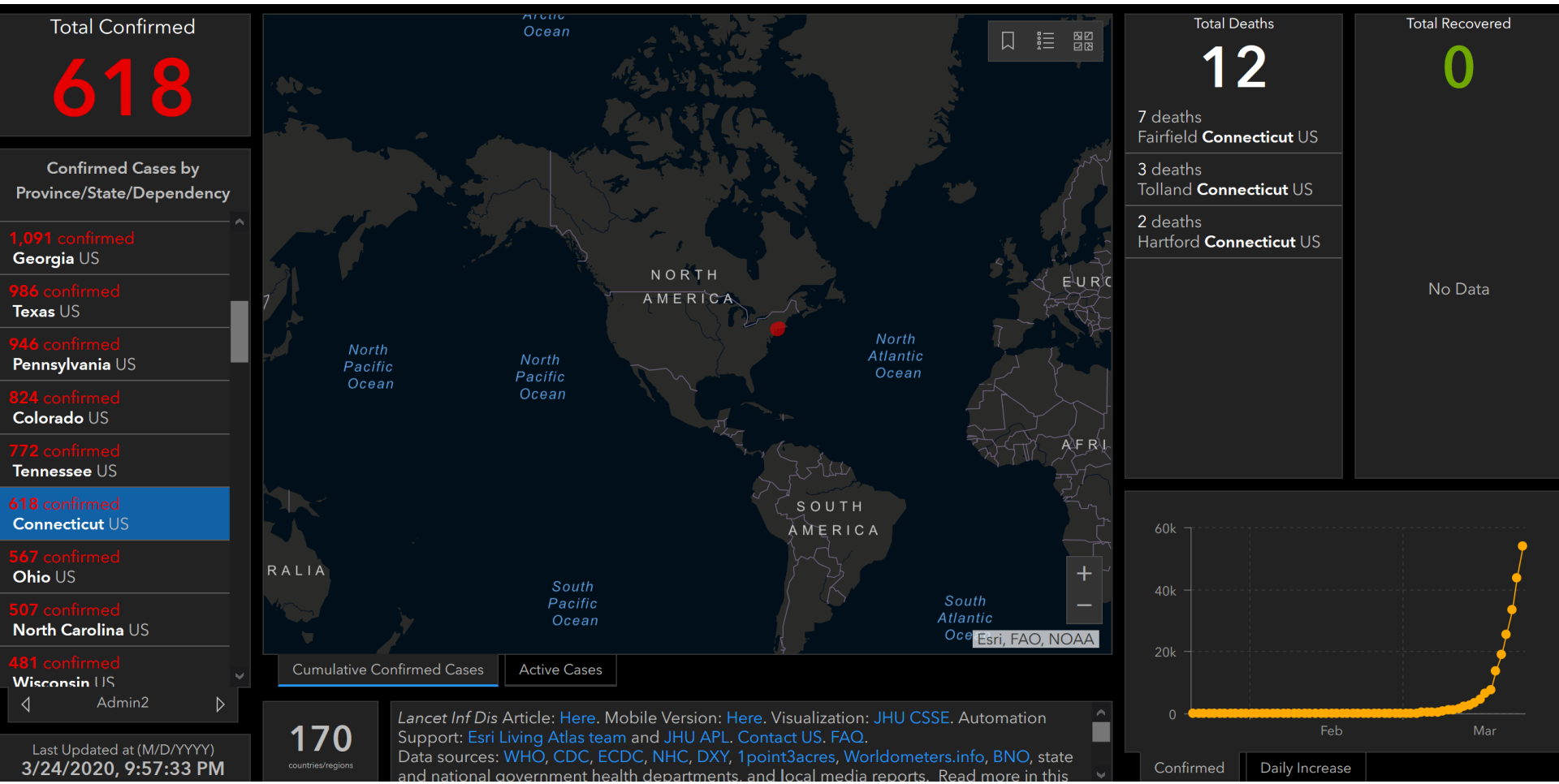
U.S. has third-highest total confirmed cases in the world  
**54,893**, as of 3:45pm 3/24/20 and **790** deaths



# COVID-19 Response



## Situation in CT is comparatively “under control”

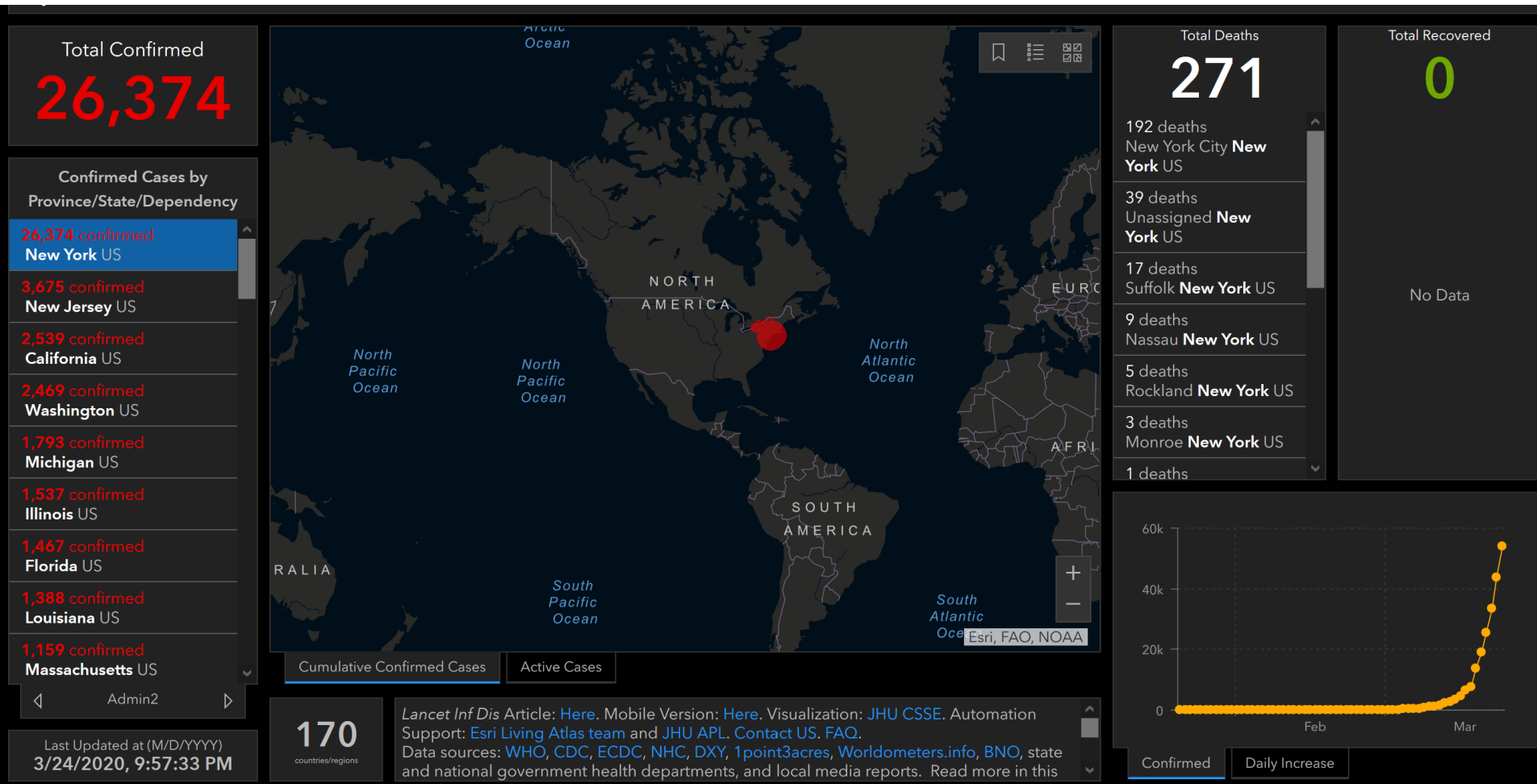


<https://coronavirus.jhu.edu/map.html>



# COVID-19 Response

## Incidence in NY per capita is 8x CT



NYC: 15,597 total confirmed, 192 deaths  
<https://coronavirus.jhu.edu/map.html>

# COVID-19 Response

## Observations on the US Economy



**Economists at Goldman Sachs** wrote Friday they **expect a 24% contraction for the second quarter** after a 6% drop in the first quarter. **Morgan Stanley economist Ellen Zentner** said in a note Sunday she expects a historic **30% contraction in the second quarter.**

**Loss of Economic Output: \$1.5 Trillion**  
(Q2 only)

# COVID-19 Response

## Observations on the US Economy



FEDERAL RESERVE BANK *of* ST. LOUIS  
CENTRAL TO AMERICA'S ECONOMY\*



**James Bullard**

President

Federal Reserve Bank of St. Louis

Recessions are the ordinary - even predictable - contractions in activity that mark the end of normal business cycles. According to Bullard this is anything but.

**“This is a planned, organized, partial shut-down of the US Economy.”**

**“Frame this as a massive investment in U.S. public health,” Bullard said**

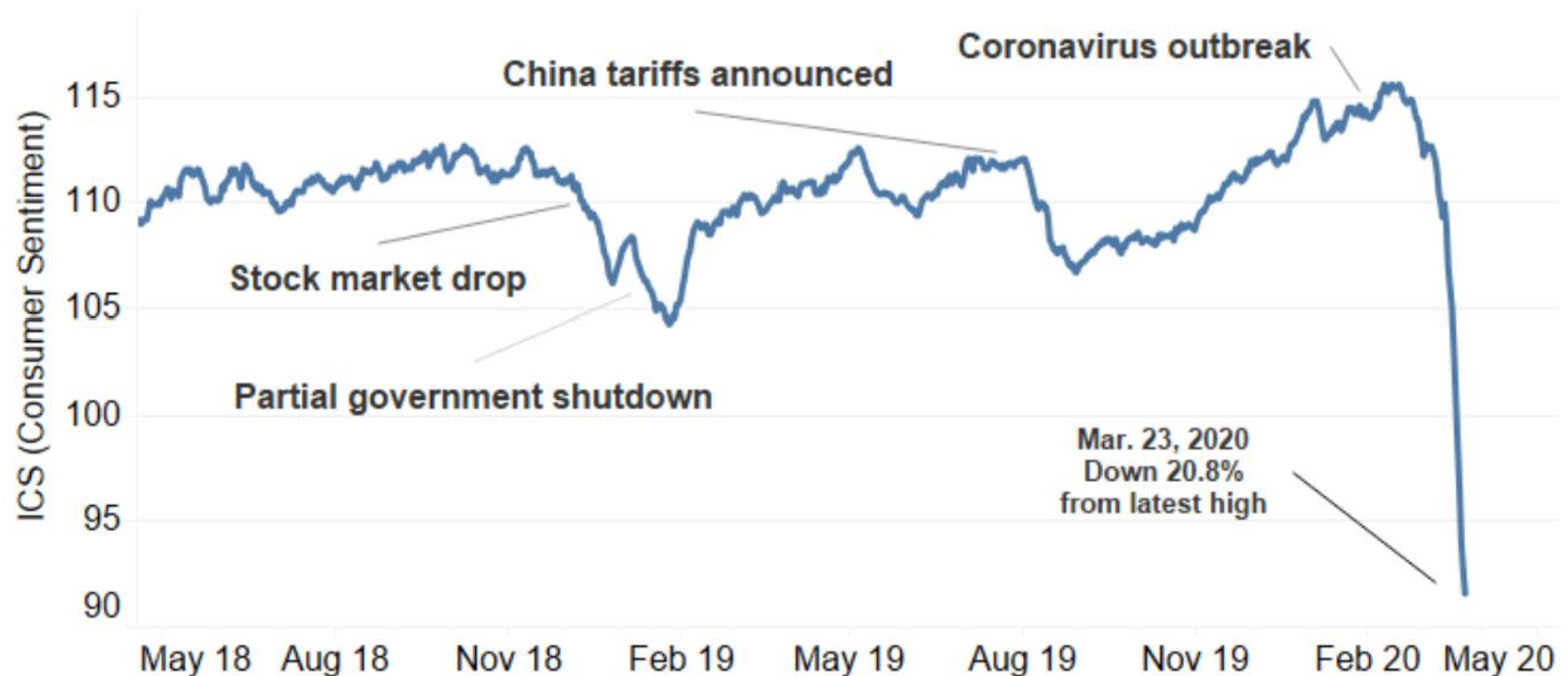
Bullard’s ballpark estimate is that **unemployment could hit 30%**, higher than in the Great Depression and three times more than the 2007-2009 recession. **Output in the second quarter could be half the norm, a hit of about \$2.5 trillion.**

**That is unavoidable if the virus is to be contained** through “social distancing” or government orders to stay at home.

# COVID-19 Response

## Observations on the US Economy

### Consumer confidence plummets



SOURCE: Morning Consult



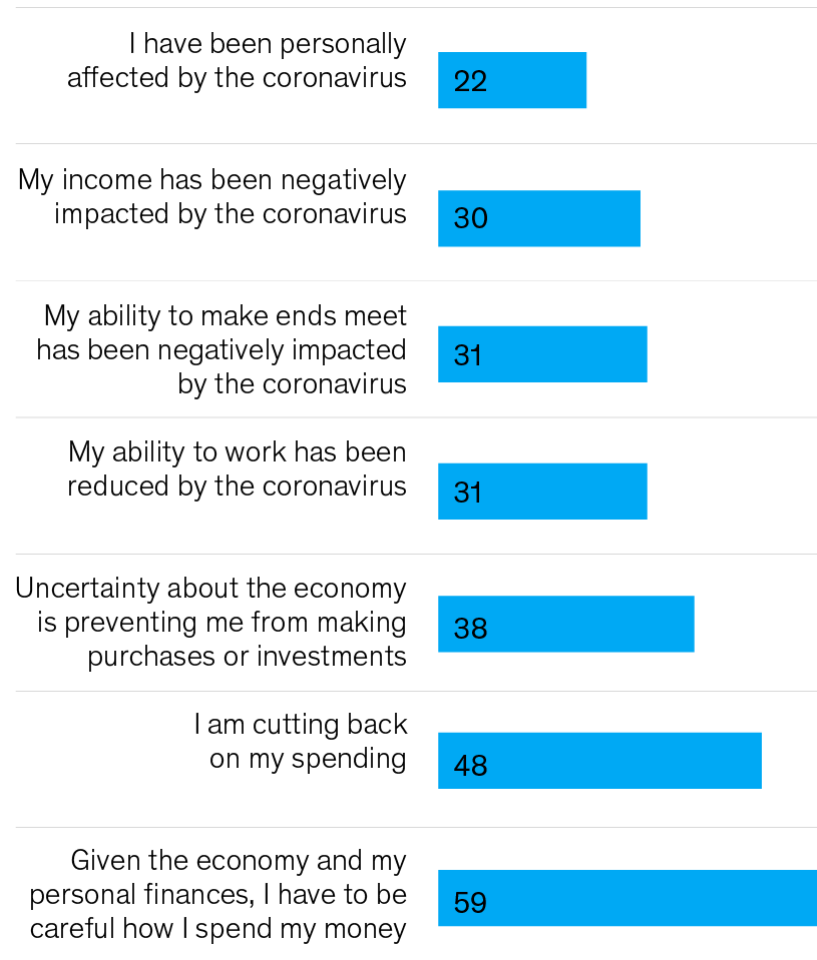
Survey: US consumer sentiment during the coronavirus crisis

# COVID-19 Response

## Observations on the US Economy



...and US consumers are already spending carefully and less than before



# COVID-19 Response

## Observations on the US Economy



Consumers expect to spend more only on **must-have** categories...

**Expected spend per category over the next 2 weeks compared to usual,<sup>1</sup> net intent<sup>2</sup>**

Groceries	+14	Increase
Snacks	-7	Decrease
Tobacco products	-14	Decrease
Take out/delivery	-22	Decrease
Alcohol	-23	Decrease
Non-food child products	+4	Stay the same
Household supplies	+1	Stay the same
Personal care products	-11	Decrease
Skincare and makeup	-38	Decrease
Furnishing and appliances	-44	Decrease
Footwear	-47	Decrease
Apparel	-50	Decrease
Jewelry	-53	Decrease
Accessories	-55	Decrease
Entertainment at home	+3	Stay the same
Books/magazines/newspapers	-10	Decrease
Consumer electronics	-36	Decrease
Out of home entertainment	-63	Decrease
Petcare services	-35	Decrease
Fitness and wellness	-40	Decrease
Personal care services	-49	Decrease

Survey: US consumer sentiment during the coronavirus crisis

McKinsey & Company

# COVID-19 Response

## Observations on the US Economy



## State / Local Govt – Double Whammy

Revenues DOWN	Expenditures UP
Personal Income Tax	Covid-19: healthcare mobilization and testing, monitoring, treatment, containment, public awareness and prevention efforts
Sales & Use Tax	Unemployment Funds
Corporation	Various Social Services
Health Provider	Small Business Assistance
Real & Personal Property Tax	Other targeted lending / investment



# COVID-19 Response

## Observations on the US Economy



NEWS ▾ EDITIONS ▾ LISTS ▾ VIEWPOINTS ▾ HBJ EVENTS ▾ BUSINESS CALENDAR ▾ CUSTOM CONTENT ▾

### UConn, hoping for bailout, expects ‘substantial’ financial hit from COVID-19



PHOTO | PETER MORENUS, UCONN

An aerial view of UConn's Storrs campus, where the system is staring down lost event revenues and potential refunds for housing and meal plans, amid the ongoing coronavirus pandemic.



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Board of Directors  
Agenda Item #5a  
Master Trust Indenture

# Master Bond Indenture

## Goals



### **Increase Investment** –

expand deployment of clean energy project finance and infrastructure development to achieve greater societal benefits, deploy funding beyond SBC and existing revenue sources, and citizen engagement as retail purchasers

### **Lower the Cost of Capital**

– raise lower cost capital from institutional investors and “everyday citizens” through “green bonds” for clean energy investments to assist end-use customers in reducing energy burden

### **Protect revenues** –

protection of project revenues and other revenue sources (e.g., CEF, RGGI, etc.) through master indenture, use SCRF as necessary, and citizen engagement as retail purchasers

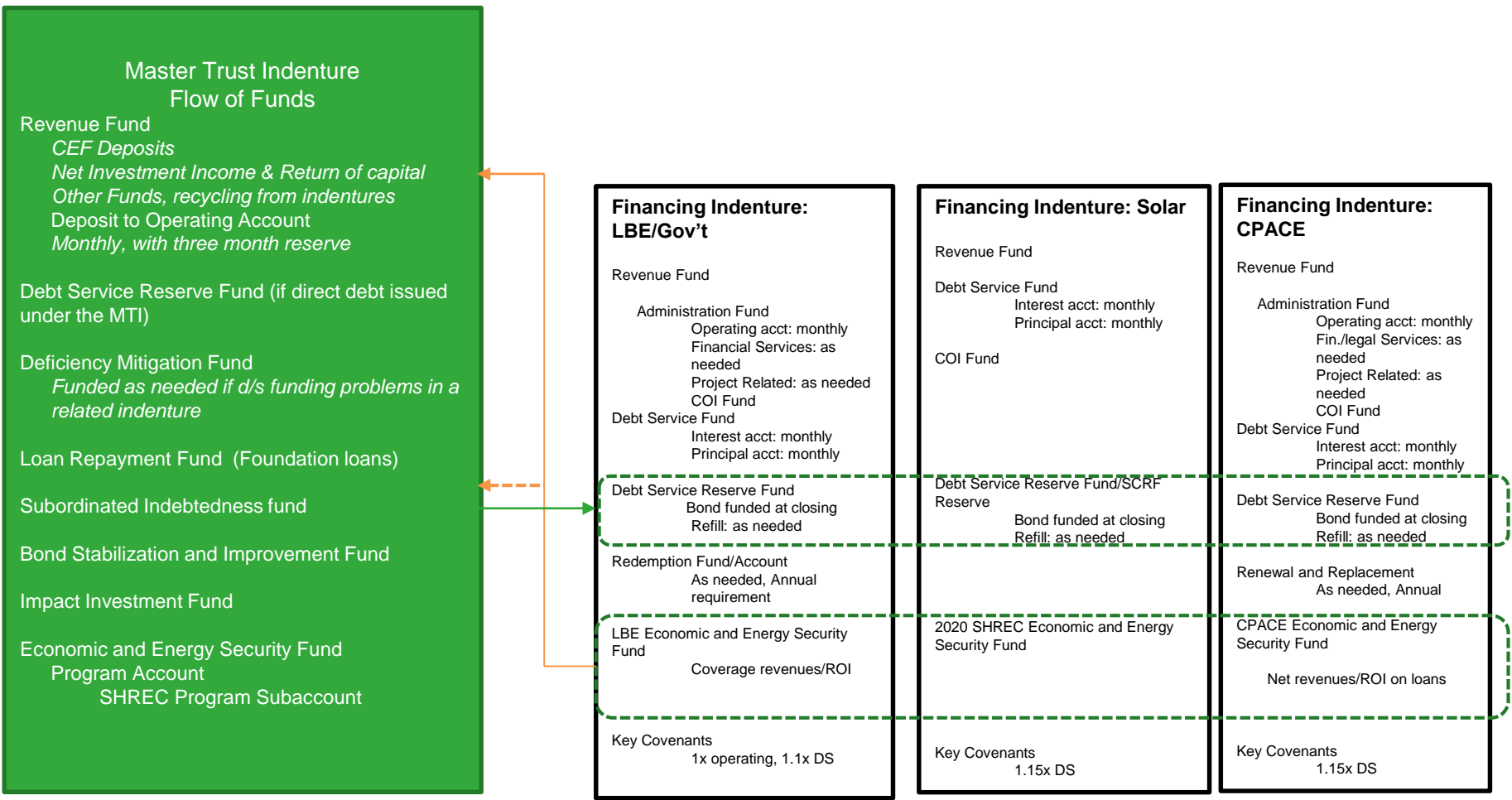
# Green Bond Team

## Connecticut Green Bank



- **Green Bank Team** – Mackey Dykes, Brian Farnen, Bryan Garcia (Facilitator), Bert Hunter (Lead), Eric Shrago, and Mike Yu
- **Board Member Advisor** – Office of the Treasurer (i.e., Bettina Bronisz) with assistance from Ernie Lorimer
- **Financial Advisor** – Lamont Financial (i.e., Bob Lamb)
- **Legal Advisor** – Shipman & Goodwin (i.e., Bruce Chudwick)
- **Underwriters** – Ramirez (i.e., Al Quintero) and Stifel (i.e., Eric McKean)
- **Trustee** – Bank of New York Mellon (i.e., Jennifer Fredericks)
- **Green Bond Verifier** – Kestrel Verifiers (i.e., Monica Reid)

# Master Trust Indenture and Related Financing Indentures




Board of Directors  
Agenda Item #5b  
Financing Indenture – Green Liberty Bonds:  
Series 2020

## Taxable Municipal Issuance

### ▪ Taxable municipal bond with retail component

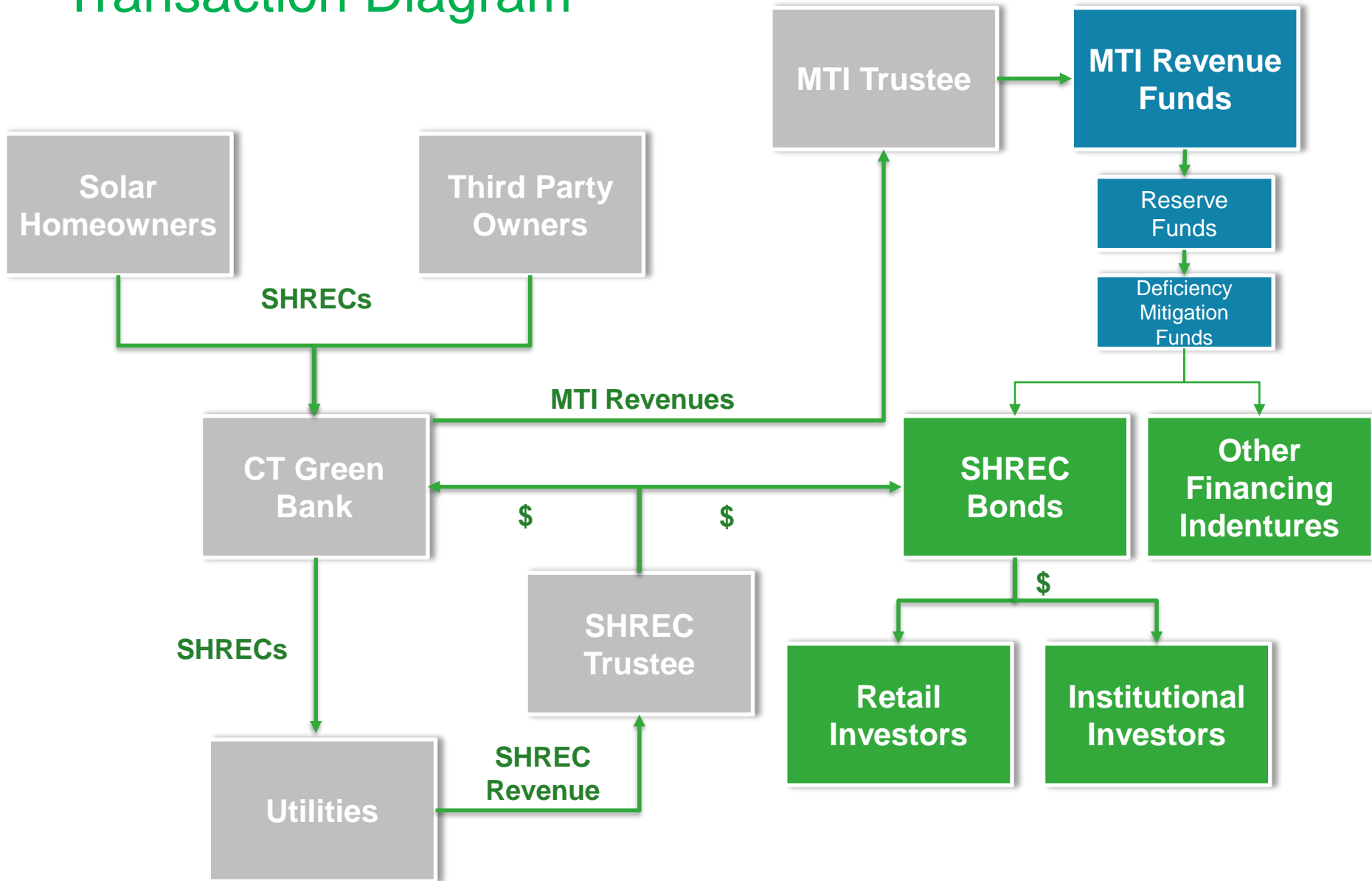
- Special Capital Reserve Fund (“SCRF”) credit enhancement
  - S&P municipal rating group
  - Allow for serial bonds

### ▪ April execution

- 
- A large green arrow graphic on the left side of the slide, pointing downwards and to the right, indicating a sequence of steps.
- Late March - Independent Engineer report
    - Inform base case energy projections and cash flow model
    - Downside sensitivities
  - March – SCRF application
    - Credit analysis & self sufficiency determination
  - March/April – S&P ratings process
  - April – 50<sup>th</sup> Anniversary of Earth Day – potential marketing

# SHREC

## Transaction Diagram

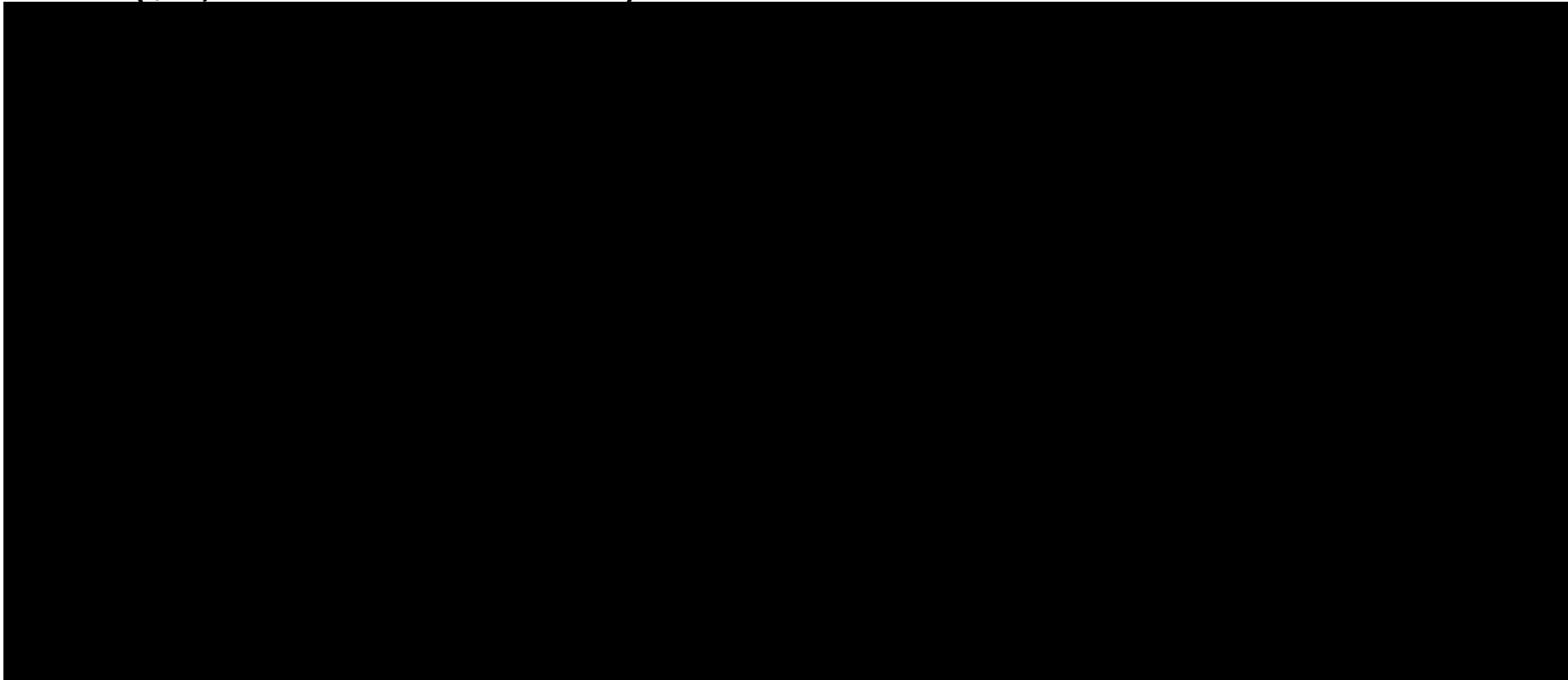


# SHREC Bond Structure



- **\$16 million to \$19 million issuance** – sized based on 1.15 debt service coverage ratio
- **2/3 of issuance to be serial bonds** – retail friendly mini-bonds (\$1,000 denomination)

Connecticut Green Bank



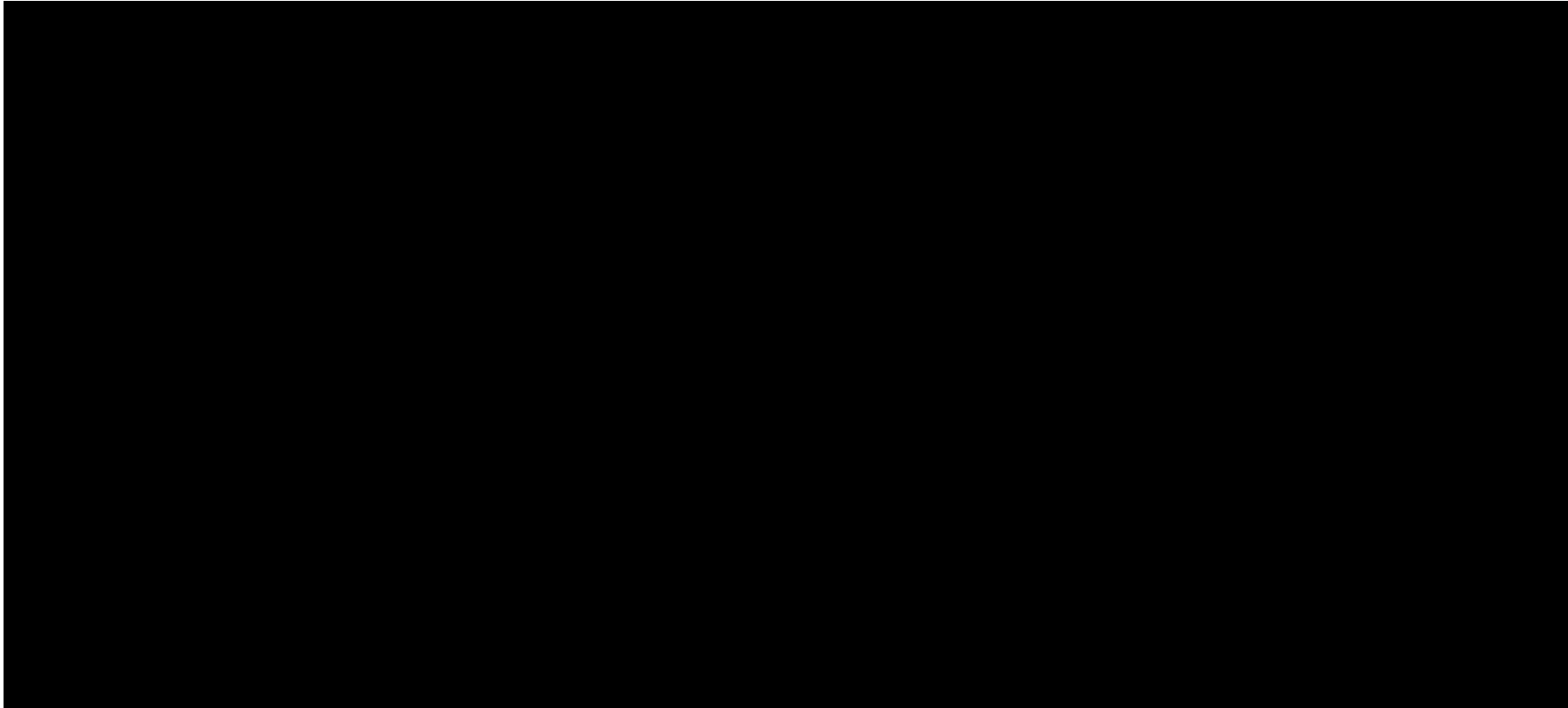


# SHREC Bond

## Use of Funds



- Enable recovery of previous expenses
- Fund required reserve account
  - SCRF Reserve Account
  - Self-Sufficiency Reserve Account (if necessary)



- Project revenues, with any initial starting cash reserves, sufficient to pay all costs and debt service
- Revenue comes from low risk, investment grade Utilities under statutory mandates to purchase
- Tranche 3 system degradation and O&M risk mitigated through monitoring, O&M agreements, and insurance coverage
- Independent engineer due diligence and review of Tranche 3 fleet informs production projections
- MTI provides credit enhancement that allows Green Bank to use all available resources to pay debt service before SCRF draw

Board of Directors  
Agenda Item #7  
Adjourn



**BOARD OF DIRECTORS OF THE  
CONNECTICUT GREEN BANK**

Regular Meeting Minutes

Friday, January 24, 2020  
9:00 a.m. – 11:00 a.m.

A regular meeting of the Board of Directors of the **Connecticut Green Bank (the “Green Bank”)** was held on January 24, 2020 at the office of the Connecticut Green Bank, 845 Brook Street, Rocky Hill, CT, in the Colonel Albert Pope Board Room.

Board Members Present: Eric Brown (phone), Binu Chandry (phone), Thomas Flynn (phone), John Harrity, Michael Li (for Mary Sotos, phone), Matthew Ranelli (phone), Lonnie Reed, Kevin Walsh (phone)

Board Members Absent: Bettina Bronisz, Betsy Crum

Staff Attending: Mackey Dykes (phone), Brian Farnen, Bryan Garcia, Bert Hunter, Jane Murphy, Selya Price, Cheryl Samuels, Ariel Schneider, Eric Shrago,

Others present: Joe Buonannata from Inclusive Prosperity Capital, Mariana Trief (consultant, Monte Verde Consulting LLC, phone)

**1. Call to Order**

- Lonnie Reed called the meeting to order at 9:01 a.m.

**2. Public Comments**

- No public comments.

**3. Consent Agenda**

- a. Meeting Minutes from December 20, 2019

**Resolution #1**

Motion to approve the meeting minutes of the Board of Directors for December 20, 2019.

**Upon a motion made by Binu Chandry and seconded by John Harrity, the Board of Directors voted to approve Resolution 1. None opposed or abstained. Motion approved unanimously.**

## Subject to Changes and Deletions

### 4. Committee Recommendations and Updates

#### a. Budget and Operations Committee

##### i. Proposed Revisions to FY 2020 Targets

- Eric Shrago reviewed the FY 2020 Target revisions which have been approved by the Budget and Operations Committee in their meeting on January 10, 2020.
- Bryan Garcia noted that the Chairperson of the House of Representatives Energy and Technology Committee has reached out to the Green Bank to work on battery storage language, legislation, and to develop policies to support battery storage in Connecticut.

##### ii. Proposed Revisions to FY 2020 Budget

- Eric Shrago reviewed the proposed changes to the FY 2020 Budget which have been approved and recommended by the Budget and Operations Committee in their meeting on January 10, 2020. He noted the primary changes were due to bond issuance costs. Bond issuance expenses are estimated to be \$1,620,000 and were originally believed to be amortized, but after receiving counsel and reviewing current accounting standards, it was realized those costs must be actualized up front.
- Eric Shrago also explained the revenues from RECs has been updated and detailed the new expenses to Incentive Programs which are all cost recoverable. He continued to the revenue and expense changes to Financing Programs and General Operations.
  - Lonnie Reed asked for clarification as to why the RGGI auctions are doing better after their decline in recent years. Eric Shrago responded that it may be due to the fewer allowances within market currently. Bryan Garcia noted that recently there was a new cap instituted. Those fewer allowances are allowing the RGGI auctions to increase in price.
- Eric Shrago stated that CBRE is the broker for office move for both the Stamford and Rocky Hill offices.
  - Eric Brown stated he said he saw Mayor Luke Bronin recently and said the Mayor is interested in sitting and talking with the Green Bank and will reach out to Bryan Garcia. Eric Shrago said the Green Bank has been in touch with the Mayor's office to set up a meeting and thanked Eric Brown for the additional support.
  - John Harrity said the Budget and Operations Committee reviewed and accepted the changes at their recent meeting. John noted the Green Bank's stability and opportunities now present, which is great in comparison to years past. He stated the Budget and Operations Committee recommends the revisions.

### **Resolution #2**

**WHEREAS**, the Connecticut Green Bank Staff has assessed program and product performance through the second quarter of the fiscal year 2020,

**WHEREAS**, the Connecticut Green Bank Staff has revised budget needs to achieve targets,

**WHEREAS**, the Connecticut Green Bank Board of Directors Budget and Operations Committee has discussed, reviewed & recommended these updated targets and budget,

## Subject to Changes and Deletions

**RESOLVED**, the Connecticut Green Bank Board of Directors approves the fiscal year 2020 budget and target adjustments outlined in Attachment A.

**Upon a motion made by John Harrity and seconded by Matthew Ranelli, the Board of Directors voted to approve Resolution 2. None opposed or abstained. Motion approved unanimously.**

### 5. Financing Programs Recommendations and Updates

#### a. Cargill Falls – Update / Recommendation

- Bert Hunter summarized the background of the Cargill Falls Mill project which has been in development for over 5 years. He stated the developers are working within an old mill and it is also the site of a hydroelectric project. The developers are working to re-establish the hydroelectric project with the dam to bring energy to the area which includes 82 units of workforce as well as affordable housing and commercial spaces. The energy from the hydroelectric property is at a discount to the residents, but even so it is still at a substantial price to support the hydroelectric project. Between that and the revenue from rentals and commercial space leases, it's an attractive property.
- Bert Hunter stated that all awards to the project total about \$32,000,000 and as its nearing completion, there is a funding gap that has been identified by the developers. The developers are looking for \$2,500,000 for various change orders and want to know if the Green Bank can contribute \$300,000. He clarified that the Green Bank is looking at the investment as the last money to be added, and only if needed, since the developer's other sources may be able to contribute more, and sooner. He noted this Green Bank project loan is to be fully secured through C-PACE as is the existing project loan for the hydroelectric facility itself, and the Green Bank has a ZREC assigned to secure the project loan. There are 2 turbines, the first came online and was producing power until it needed to be taken offline so the rest of the project could be completed. He noted the project should be completed by early Fall.
- Bert summarized the project's Debt Service Coverage. He stated the Green Bank has about \$960,000 accrued interest currently and expects to accrue another \$202,042 by the end of June. The total CGB C-PACE loan would be \$7,662,042. The Debt Service Coverage Ratio is healthy whether the additional \$300,000 is needed or not, averaging approximately 2.61 without the additional funds in the first 6 years, or 2.50 with the funds included. He noted the ZREC will end after another 12-13 years, in 2029. It began in 2014, and once over although the DSCR will be lower, at 2.43 without the additional funds or 2.33 with it, it is still a comfortable ratio. The Green Bank staff are comfortable with the transaction under the condition that the \$300,000 is needed as the absolute last money added. Bert stated the Green Bank wants to be prepared in case of the eventuality since the Board would have to approve as the Deployment Committee can only approve up to \$2,500,000.
  - Lonnie Reed asked for clarification about the last money in component. Bert Hunter stated it would be heavily stressed into the developers. He continued to say that the interest rate is at 5% as a construction rate but it could be changed. He clarified 5% is a standard rate for C-PACE construction and that he had discussed it with Mackey Dykes, and that the rate could be increased going forward, but may not do that now as the financing agreement is set (unless the developer borrows more). He also said the team will leverage the Green Bank being the first to back the project as a means to be the last to contribute

## Subject to Changes and Deletions

additional funds now. The developers had also asked for an interest rate decrease, but Bert Hunter said he advised the developers that they would not receive it.

- He noted the project is an unusual case, and there may be a need to add a condition to C-PACE agreements in which the construction interest rate cannot be reduced after a set term such as 1 year. After that the interest rate would increase to term rate, such as 6.5% - as is the case here. However for this project, once it completes the interest rate will go to 6.5% regardless.
- Lonnie Reed asked for clarification about the Green Bank's liability once construction is complete and whether there is there a Held Harmless Clause in effect. Bert Hunter and Brian Farnen stated the C-PACE agreement does have a Held Harmless Clause. Bert Hunter continued to say the Dept of Housing is also involved in this project and they have been working with Haynes Company, the contractor, throughout. The Dept of Housing is very confident in their capabilities as the Hayes Company has been in business for 50 years and has worked with the State numerous times. He stated if there are any issues, the Green Bank is confident they would be prompt in fixing it.
- John Harrity noted that he saw the project location last summer and though it is a bit out of the way, it should be a real focal point for the area. He stated it is also good that it has an affordable housing component and hopes there may be a display noting the involvement of the Green Bank, which could be a good opportunity for visitors to appreciate the Green Bank's role and contributions to Connecticut.
- Bert Hunter stated the presentation is because it is senior through commercial C-PACE financing, and as a commercial C-PACE lender the Green Bank is entitled to the entire revenue stream ahead of other mortgages, second only to property taxes. When underwritten, when the Green Bank started to advance funds, it was unclear whether the rest of the project would come through. Staff was looked at a worst-case scenario – hydro revenues only. Thus, it was underwritten looking at the revenue stream to sell into the wholesale market, getting ZRECs, and getting wholesale repayments. However, when the energy conservation measures were added and as the project is nearing completion, it's now possible to underwrite it holistically as a full residential and hydroelectric project.
- Kevin Walsh asked if the repayment of the loan is from the tenants and wants to know more about where the "lease up" stands as it is nearing completion. He wanted clarification that the Green Bank will or won't get repaid unless there are tenants. Bert clarified the Green Bank will earn revenue even if none of the leases are signed, but the revenue streams will be more limited. If the commercial leases never begin, the Green Bank would recover over about 30 years instead of 25 years. The developer has not begun to start leasing yet, but that is because the construction is not far enough along to present to customers. He stated the team did do a market scan of the area and the asking prices (contained in the Cohn Reznick projections recently confirmed) are within 10% of other redeveloped units. The benefit is that this is a brand-new property compared to other properties done 30 years ago, so the estimates are very reasonable and attainable. Kevin Walsh appreciated the clarification and Bert Hunter continued to say that any surplus power would be sold back into the grid at wholesale price (3 to 4 cents).
- Matthew Ranelli stated the project has been going a long time, lots of work has been put in, and it's really a credit to the team to all of their work. However, he

## Subject to Changes and Deletions

said the developers always seem to come back to the Green Bank for more money. He is not inclined to agree with the expense since \$2,500,000 of additional capital isn't much given the scope of the project and asked if they can raise the money through other means. He said the money isn't for the hydroelectric part of the project, so he feels it should be raised privately. He noted the Green Bank has essentially more than doubled its initial investment and it's worrisome that the developers feel they need to come back for \$300,000 more. Bert Hunter stated the Green Bank has the additional capacity under the C-PACE Energy Efficiency Measures, but \$300,000 is the limit. It's where the additional \$1,500,000 came from when the Board approved that advance in 2018. The developers were coincidentally fortunate to ask for \$300,000 as they didn't seem to be aware of the limit.

- Thomas Flynn says he also feels the additional cost being incurred is not related to the Green Bank's mission, and that the Green Bank is only being looked at as a source of funding. He stated the project is just overbudget and doesn't think it's something that should be considered because of that. He asked if they are overbudget because of things directly related to the Green Bank mission, or if it is just because the project was in a historic building which may have caused more issues than expected. Bert clarified it is due to the condition of the original building, but the project's completed is in the interest of the Green Bank. He reiterated the money would only be used if there is no other source, which will be hard-pressed to the developers, and that this request is just to secure the funding but not to advance it right now. Bert Hunter noted he agrees with the sentiment but wants to make sure the project is completed and doesn't want to present this to the Board later when time may be sensitive.
- Binu Chandry asked if the Green Bank funds can be used for things unrelated to its mission but for a project it has contributed to. Bert Hunter stated that again the funds are just for the Energy Efficiency Measures. Marianna Trief stated there is actually ample room against the Measures, but Bert Hunter clarified in terms of a savings versus investment ratio, \$300,000 is the limit.
- Matthew Ranelli said the Energy Efficiency Measures are integrated into the costs and asked if the developers have given a breakdown of what the \$300,000 represents. He stated he would just like to know where this money is going. Bert Hunter said yes, the developer's change orders have been identified. This has been also been identified and clarified at length for the Dept of Housing and the other stakeholders. The presentation now is just a summary.
- Kevin Walsh gave his experience and perspective on how overbudgeting commercial transactions has happened in the past and stated his confusion as to why this money is needed from the Green Bank specifically. Bert Hunter said that the developer may not be one Kevin would typically work with due to the unique nature of the project but reassured him of their needs.
- Eric Brown said he shares concerns with Matthew Ranelli, Thomas Flynn, and Kevin Walsh but given where the Green Bank sits financially, he trusts Bert Hunter's judgement to make sure it is the last money contributed. He also stated he would vote to approve the cost, but has to leave the meeting early, before the Resolution vote.



## Subject to Changes and Deletions

- Binu Chandry asked how many affordable housing units there are. Bert Hunter clarified there are 30 units.
- Lonnie Reed asked Bert Hunter to make sure to communicate with the developer the strong discussions being had. Bert Hunter said if it does come to that, then it will be made very clear.
- Thomas Flynn asked for clarification that the Green Bank meeting minutes are public, since the developer could access them. Bert Hunter stated yes, but as the Chairperson said, we will be discussing that the Green Bank's condition to only contribute if it is the last to do so, and that the interest rate may increase as a result.
- Matthew Ranelli stated he cannot imagine a scenario where \$300,000 would put a project, especially of this scale, to a halt, and that the other stakeholders likely have more incentive to make sure that money is found. He said it isn't a critic of all the team's hard work, but this discussion needs to happen when private capital should be available and the Green Bank's funds should only be put to furthering its mission.
- Bert Hunter proposed an interest increase to 7.0% instead of 6.5% to cover the additional funds if used, if it would put the Board at ease. He stated if the developers do have to draw on the \$300,000, then their interest would increase immediately.
- Brian Farnen suggested adding in another resolution amendment: "and as revised to the Board on the January 23, 2020 memorandum."

### **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 Board of Directors ("Board") of the Green Bank previously approved a construction and term loan, secured by a C-PACE benefit assessment, not-to-exceed amount of \$6,200,000 (the "Current Loan") to Historic Cargill Falls Mill, LLC ("HCFM"), the property owner of 52 and 58 Pomfret Street, Putnam, Connecticut, to finance the construction of specified clean energy measures (the "Project") in line with the State's Comprehensive Energy Strategy and the Green Bank's Strategic Plan;

**WHEREAS**, the Project as part of a larger property redevelopment effort (the "Mill Redevelopment") requires additional gap financing from the Green Bank in the amount of \$300,000 to achieve closing on approximately \$33,000,000 in total funds;

**WHEREAS**, the Mill Redevelopment includes numerous energy conservation measures that align with the goals and priorities of the Green Bank's multifamily housing program;

**WHEREAS**, the Green Bank now seeks approval to amend the Current Loan to HCFM to provide up to \$300,000 in additional funding (the "Loan Amendment") for the Mill Redevelopment effort, inclusive of finalizing the existing Project work.

**NOW**, therefore be it:

## Subject to Changes and Deletions

**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 Amendment in a total amount not to exceed the sum of (i) the existing C-PACE benefit assessment, plus any and all interest accrued, plus (ii) \$300,000, with terms and conditions consistent with the memorandum submitted to the Board dated January 17, 2020 and as further revised on January 23, 2020, and as he or she shall deem to be in the interests of the Green Bank and the ratepayers no later than 180 days from January 24, 2020; 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 effect the above-mentioned legal instrument.

**Upon a motion made by John Harrity but to include Bert Hunter's proposed amendment to the interest rate and seconded by Lonnie Reed, the Board of Directors voted to approve Resolution 3. None opposed or abstained. Motion approved unanimously.**

b. Open Request for Proposals ("RFP") Framework:

- Brian Farnen stated that in response to feedback from the last Board of Directors meeting, the Green Bank decided not to go forward with Staff Authorization through the open RFP process but still wants it to be separate from the Strategic Selection process. He clarified if the Board approved the RFP process, then they would not have to go through the additional Strategic Selection. If the project is below \$2,500,000 then it would be presented to the Deployment Committee for approval, and if over \$2,500,000 then it would return to the Board for approval.
- Brian Farnen explained that pursuant to the Green Bank's enabling statute, any changes to the operating procedures requires a public comment period, and if we receive other worthy ideas or proposals, we will present them to the Board for consideration.

### **Resolution #4**

**WHEREAS**, the Green Bank Board of Directors (the "Board") and the President and CEO support alternatives for developers and capital providers to gain access to Green Bank resources while affording staff the ability to consider additional investment opportunities;

**WHEREAS**, the Green Bank President and CEO proposed the introduction of an open and ongoing "Request for Proposals" program to create pathways to access Green Bank support;

**WHEREAS**, staff has diligence the concept for an open Request for Proposals program (the "Open RFP Program") with other green banks, namely the New York Green Bank and Australia's Clean Energy Finance Corporation, which demonstrated the success and utility of an open and ongoing solicitation program for project proposals;

**WHEREAS**, the Comprehensive Plan and FY 2020 budget identify the need as well as the capacity to manage an initial Open RFP Program; and

**WHEREAS**, Green Bank staff recommends that the Board approve the establishment of the Open RFP Program as explained in a memorandum to the Board dated December 17, 2019.

## Subject to Changes and Deletions

**NOW**, therefore be it:

**RESOLVED**, that the Board approves Green Bank to establish the Open RFP Program as explained in a memorandum to the Board dated December 17, 2019;

**RESOLVED**, that the Board directs the Green Bank staff to publicize revisions to the Green Bank's Operating Procedures, as submitted to the Board for its meeting held on January 24, 2020, in the Connecticut Law Journal and a notice of Intent to Amend Operating Procedures in accordance with Section 1-121 of the Connecticut General Statutes;

**RESOLVED**, that the Board approves of the revised Operating Procedures contingent upon receiving no material adverse public comment; and

**RESOLVED**, that the proper Green Bank officers are authorized and empowered to do all other acts and execute and deliver all any documents as they shall deem necessary and desirable to effect the establishment and operation of the Open RFP Program.

**Upon a motion made by John Harrity and seconded by Lonnie Reed, the Board of Directors voted to approve Resolution 4. None opposed or abstained. Motion approved unanimously.**

It was difficult to determine if someone on the phone was opposing or agreeing, but no one announced they were opposing.

### 6. Other Business

#### a. Smart-E Loan – ARRA IRB

- Bryan Garcia introduced Joe Buonannata, the Manager of Program Operations at Inclusive Prosperity Capital (IPC), who, under CGB guidance, manages the administration of the Smart-E Loan financing program. Joe stated due to the Board's approval to increase the pool of appropriated ARRA-SEP dollars for Smart-E Loan Interest Rate Buydowns ("IRB") from \$1.5M to \$6M in 2017, the Smart-E program staff launched a very aggressive special offer rate of 0.99% for certain loans. Over the 8-month promotion in 2017, Smart-E deployed about \$4,000,000 in ARRA-SEP funds through approximately 1,300 loans. Smart-E now has about \$1,000,000 allocated for IRBs that program staff have proposed to CGB Senior Staff to deploy with a more strategic approach. The plan is to buy-down the standard interest rates of 5, 7, and 10-year loans down to 2.99%. Those loans will be for technologies that support CT's climate change mitigation wedges: decarbonizing buildings (e.g., heat pump technology), electricity generation (e.g., battery storage systems that enable better grid integration of renewable generation), and transportation (e.g., by supporting deployment of EV recharging equipment).
- Joe stated program staff want to maintain a key pillar of the Smart-E program which allows for loans on a large number and variety of residential energy improvements (i.e., 40+ measures). For measures which are not eligible for the special offer, such as solar PV, a blended interest rate calculator will be created to allow these homeowners to use a single loan for multiple measures, even if some measures are not eligible for the special rate (i.e., the 2.99% would blend with the standard rate for technologies that aren't covered by the special rate alone). He said program staff anticipates that the \$1,000,000 will support 500 to 1,000 new loans. Joe also confirmed he and his team will

## Subject to Changes and Deletions

report to the Green Bank regularly and will track other metrics, including annual carbon savings per IRB dollar.

- Joe also thanked John Harrity specifically for the feedback provided to frame the message that heat pumps specifically can result in carbon savings. Joe noted that program staff is working with the utility companies and contractors to develop a strategy on how to best educate and market lesser known technologies like heat pumps to homeowners. John Harrity thanked Joe for seriously considering his feedback.
  - Lonnie Reed asked if there are any clients that will allow potential customers to see their systems. Joe stated there are a few case studies and contractors that program staff could consult. Lonnie accepted the response and said real home environments to see things in action are always very well received.
  - John Harrity noted the environmental community also needs to be made aware of heat pumps as they are the opinion leaders.
- Bryan Garcia thanked Joe and his team and noted that when the Green Bank had \$8,200,000 in ARRA-SEP funds a few years ago that were used to drive private investments and back loan losses. However, customers have been diligent in repaying their loans, and the losses haven't been occurring as predicted, so the Green Bank had shifted that money to interest rate buydowns which had been catalytic in engaging with more contractors. He stated the Green Bank has taken about \$6,500,000 to \$7,000,000 of those ARRA funds to date and there have been about \$10,000,000 in private capital invested.

- b. Ethics Training
- c. Other Business

**Discussion for agenda items 6b and 6c has been postponed.**

## 7. Adjourn

**Upon a motion made by John Harrity and seconded by Lonnie Reed, the Board of Directors Meeting adjourned at 10:19 a.m.**

Respectfully submitted,

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Lonnie Reed, Chairperson

# CONFIDENTIAL TO THE BOARD OF DIRECTORS

## Memo

**To:** Connecticut Green Bank Board of Directors  
**From:** Emily Basham, Manager; Isabelle Hazlewood, Manager  
**CC:** Bryan Garcia, President and CEO; Bert Hunter, EVP and CIO; Eric Shrago, Director of Operations  
**Date:** March 25, 2020  
**Re:** IPC Agreement to Allocate Grant Funds

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### Background & Purpose

In partnership with Inclusive Prosperity Capital (IPC), the Connecticut Green Bank (“Green Bank”) applied for and received two grant awards. The purpose of this Agreement is to allocate grant funds to IPC for their contributions to and participation in, the grant obligations.

In July 2017, the Green Bank was awarded the prestigious Innovations in American Government Award (“IAGA funds”) by the Ash Center of Democratic Government and Innovation at the John F. Kennedy School of Government at Harvard University for “Sparking the Green Bank Movement”. The Green Bank received \$100,000 grant to both: (1) increase the impact of the green bank model inside of Connecticut, and (2) replicate and disseminate the green bank model outside of Connecticut. Per the IAGA Approved Grant, the Green Bank specifies the participation of IPC to “increase impact of its best practice products through a nonprofit co-created by the Connecticut Green bank focused on underserved market segments”. A grant allocation to IPC of \$25,000 is proposed to fund this work.

Similarly, the Green Bank and IPC were joint-applicants and are subrecipients of a U.S. Department of Energy Award led by the Clean Energy States Alliance in support of Bringing Low and Moderate Income (LMI) Solar Financing Models to Scale (“DOE LMI Project”). The objective of this grant is to make solar financing available to LMI homeowners in multiple states by replicating the model pioneered by the Green Bank and carried on through IPC.

The tasks obligated in the IAGA funds and some tasks under the DOE LMI Project relate to work that is focused outside the state of Connecticut. Given that the Green Bank does not perform work outside the State of Connecticut and the mission and staff at IPC are intimately familiar with the Green Bank’s model and LMI

initiatives, and have the capacity and authority to work outside of Connecticut, their participation is critical. While much of the work performed under these agreements is within the scope of IPC’s existing PSAs, actually compensating IPC with these new grant funds would exceed their existing contract limits. As a result, Green Bank staff recommend executing an additional PSA with IPC for work performed on these initiatives.

### **Grant Allocation**

In order to support IPC for their work on these important projects, the grant funds will be allocated per the following:

- IAGA Grant: allocated \$25,000 to IPC to prior to the end of the grant period on June 30, 2021
- DOE LMI Project: an amount not-to-exceed \$21,600 inclusive of hourly fees and any other expenses to be paid in twelve (12) consecutive installments of \$1,800 each

### **Desired Outcomes**

- IAGA Grant:
  - **Investment:** deployment of clean energy in underserved market segments through IPC investment in underserved market segments outside of Connecticut;
  - **Impact:** measured and demonstrated social and environmental impact (or benefits) in partner locations;
  - **Lessons Learned:** continuously sharing best practices and lessons learned with others in order for the Connecticut Green Bank, through Inclusive Prosperity Capital, to transfer knowledge that increases and accelerates the uptake of clean energy through the adaptation and adoption of the green bank model in underserved markets.
- DOE LMI Project
  - **Validation:** in collaboration with a neutral, third-party entity, evaluate the financial performance of the Green Bank LMI Solar Model for single family homes
  - **Awareness:** Establish a learning network and working group for the adoption of the Green Bank’s LMI Solar Model for single family homes with a broad awareness campaign
  - **Assessment:** Assess opportunities for scaling the Green Bank LMI Solar model for single family homes in key target markets

### **Strategic Selection**

Green Bank is pursuing this arrangement and approval from the Board on the basis of a Strategic Selection. The allocation of grant funds to IPC satisfies all criteria of the Strategic Selection and Award process of Green Bank operating procedures, namely: (1) special capabilities, (2) uniqueness, (3) strategic importance, (4) multiphase project; follow-on investment and (5) urgency and timeliness:

#### **(1) Special Capabilities**

Sparked by the Connecticut Green Bank, the mission of IPC is to attract mission-oriented investors in “clean energy” in underserved market segments. IPC has exceptional experience and expertise in the green bank model and, specifically, increasing investment in underserved markets.

#### **(2) Uniqueness**

The highly visible IAGA and highly competitive DOE award present a unique opportunity to leverage funding through proven strategy across the country.

(3) Strategic Importance

IPC partnership enables the replication and dissemination of the green bank model by leveraging the nonprofits access and authority to work outside the state of Connecticut. Without this partnership the Connecticut Green Bank would not be able to meet the tasks and commitments of the grant agreements.

(4) Multiphase; Follow-on investment

The IAGA funds provide working capital directly to IPC to support their expansion outside of Connecticut, expanding their capabilities to attract and leverage outside investment in clean energy.

(5) Urgency and Timeliness

The application to the Ash Center for use of the IAGA grant is time sensitive. The Green Bank applied to the Ash Center for the grant in June 2019, to which it was received in July of 2019 for the purposes outline in this memo – to increase impact from the Green Bank’s incentive and financing programs in Connecticut through the partnership with Sustainable CT and in support of replicating its programs outside of Connecticut through its relationships with IPC.

The DOE LMI Project grant period is time-sensitive in the allocation of funds as well as meeting the tasks outlined in the scope of work.

### **Conclusion & Recommendation**

IPC offers strategic importance for the Green Bank to increase its impact by applying the green bank model to underserved market segments, increase investor participation, and bring LMI clean energy solutions to scale. Supported entirely through the grant funds, the proposed agreement is necessary to allocate funds to IPC to complete the work committed to in the grant project plans and not violate their existing contract limits.

Staff recommend this grant agreement to the Board for approval.

### **Resolutions**

**WHEREAS**, Green Bank is a subrecipient to the Clean Energy States Alliance for U.S. Department of Energy Award No. DE-EE0008758, in support of Bringing Low and Moderate Income households (LMI) Solar Financing Models to Scale (“Project”); and

**WHEREAS**, Green Bank is the recipient of grant funds awarded by the Ash Center of Democratic Government and Innovation at the John F. Kennedy School of Government at Harvard University (“Ash Center”) for the Innovations in American Government Award (“IAGA funds”); and

**WHEREAS**, the Green Bank has applied and received approval from the Ash Center to re-grant a portion of its IAGA funds to the Consultant for initiatives that further the innovation and programs of the Green Bank (“Initiative”); and

**WHEREAS**, the Initiative and the Project require the expertise of individuals with experience in the Connecticut Green Bank Model and specifically the Green Bank’s LMI single-family solar homes program; and

**WHEREAS**, certain tasks to be conducted as part of the Initiative and the Project relate to work that is focused outside of the state of Connecticut that the Green Bank is unable to perform; and

**WHEREAS**, the staff of the Consultant are intimately familiar with the Green Bank’s model and the Green Bank’s initiatives in the LMI market segment and have the capacity and authority to work outside of Connecticut.

**NOW, THEREFORE,**

**NOW**, therefore be it:

**RESOLVED**, that the Board approves Green Bank to enter into a Professional Service Agreement (PSA) with Consultant as a strategic selection and award pursuant to the reasonings set forth in the memorandum to the Board dated March 25, 2020;

**RESOLVED**, that the President, Chief Investment Officer and General Counsel of Green Bank, and any other duly authorized officer of Green Bank, is authorized to execute and deliver on behalf of Green Bank any of the definitive agreements related to the Consultant PSA and any other agreement, contract, legal instrument or document as he or she shall deem necessary or appropriate and in the interests of Green Bank and the ratepayers in order to carry out the intent and accomplish the purpose of the foregoing resolutions.

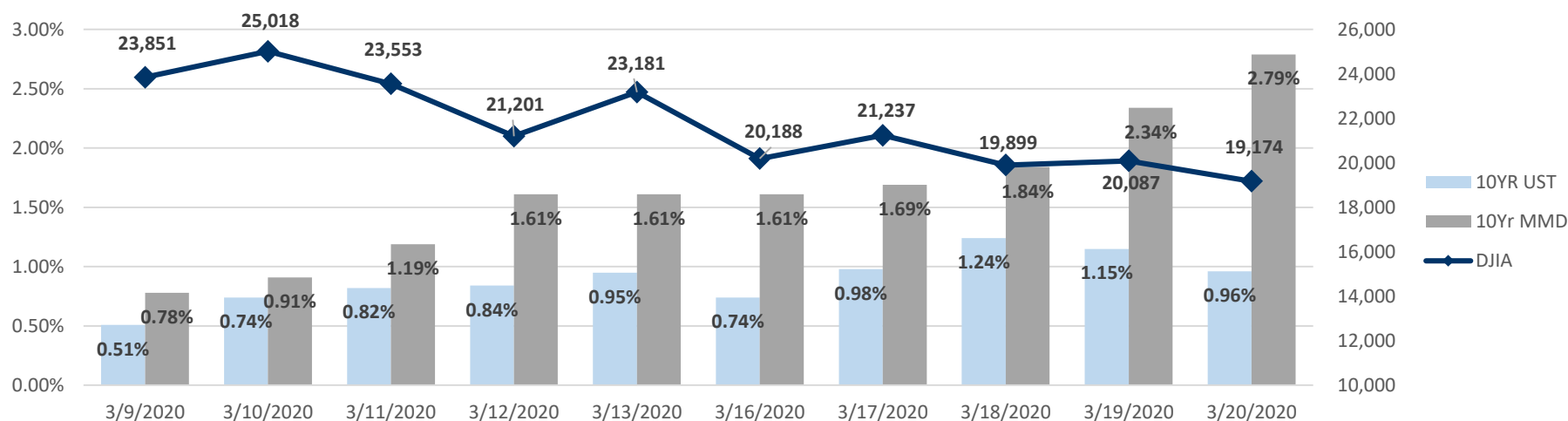
**RESOLVED**, that the proper Green Bank officers are authorized and empowered to do all other acts and execute and deliver all any documents as they shall deem necessary and desirable to effect the above-mentioned legal instrument or instruments.

Submitted by: Emily Basham, Manager; and Isabelle Hazlewood, Manager



# Global and Municipal Market Updates

Monday	Tuesday	Wednesday	Thursday	Friday
<b>March 9</b>	<b>March 10</b>	<b>March 11</b>	<b>March 12</b>	<b>March 13</b>
Global markets sank after global oil nose-dived as price war between Saudi Arabia and Russia; oil was down over 25% on the day as too much oil supply. Gold hit a 7-year high	Equities rebounded from the worst rout since 2008 on speculation the Trump administration will deliver stimulus to combat the effects of the spreading coronavirus	Municipal market decoupled from the UST market and this continued into Thursday as the secondary market was in a free-fall and the primary market was at a halt	The Dow closed down 10%, worst day since 1987 stock market crash and MMD went up by an unprecedented amount of 35 to 50 bps across the curve	President Trump declared a state of emergency
<b>March 16</b>	<b>March 17</b>	<b>March 18</b>	<b>March 19</b>	<b>March 20</b>
Sunday (3/15) FOMC with emergency 100 bps rate cut; Oil ended at \$28/barrel and the Dow was down ~13%	Trump administration pushed for an economic stimulus package of approx. \$1 trillion. Equities rose 1,049 and municipal yields continued to rise, particularly on the front end.	Congress and the President continued to push through legislation in response to the coronavirus. Equities fell, US Treasuries sold off, and oil is \$22/barrel. SIFMA reset at 5.2%	Investors pulled a record \$12.2 bn out of municipal bond funds in the week ended Wednesday. AAA MMD benchmark yields rose 50 bps in all maturities. Equity prices rose slightly.	As federal and state governments continued to take action on multiple fronts, equities fell, US Treasury rates declined, and municipals continued their selloff.



Sources: TM3 and Bloomberg



# Memo

**To:** Connecticut Green Bank Board of Directors

**From:** Bert Hunter, EVP and CIO, Mike Yu, Director, Clean Energy Finance, Louise Della Pesca, Associate Director, Clean Energy Finance, Rudy Sturk, Senior Manager of Marketing,

**CC:** Bryan Garcia, President and CEO; Brian Farnen, General Counsel and CLO; Selya Price, Director of Incentive Programs; Eric Shrago, Managing Director of Operations; Jane Murphy, Vice President of Accounting and Financial Reporting; Dale Hedman, Consultant (Retiree); Bruce Chudwick (Shipman and Goodwin) and Bob Lamb (Lamont Financial)

**Date:** March 18, 2020

**Re:** Green Bond Update and Request for Approval: Green Liberty Bond Issuance

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## Introduction

The purpose of this memorandum is to (1) provide the Board of Directors with an update on the progress made by Staff toward issuing Connecticut Green Bank's next green bond), and (2) request approvals to enable Staff to finalize the issuance.

## Background

For over a year, since the strategic retreat at the Pocantico Conference Center of the Rockefeller Brothers Fund, the Board of Directors and Senior Staff of the Connecticut Green Bank ("Green Bank") have been discussing how we can enable our bonding authority to increase our impact. Per CGS 16-245kk, CGS 16-245ll, and CGS 16-245mm, the Green Bank has the statutory authority to issue clean energy bonds, with support from the State of Connecticut through a Special Capital Reserve Fund ("SCRF"), if necessary, to support the purposes of the organization.

With the goals of (1) increasing investment to expand clean energy deployment, (2) decreasing the cost of capital to assist end-use customers, and (3) protecting the revenues of the Green Bank, the Green Bond Team<sup>1</sup> proposes the approval of a Master Trust Indenture ("MTI", discussed in more detail below) as its bond framework.

To support the Green Bank's Green Bond Team, additional external support was solicited, including:

- **Underwriters** – through a competitive RFP, Ramirez and Co. and Stifel were selected as underwriters;
- **Trustee** – through a competitive RFP, the Bank of New York Mellon was selected as the trustee; and

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<sup>1</sup> Green Bond Team consists of an internal team led by Bert Hunter, coordinated by Bryan Garcia, with support from Brian Farnen, Jane Murphy, and Eric Shrago and Mike Yu, and an external team including Bettina Bronisz (Office of the Treasurer), Bruce Chudwick (Legal Advisor), and Bob Lamb (Financial Advisor).

- **Green Bond Certifier** – through a competitive RFP, Kestrel Verifiers was selected as the green bond certifier.

All of the members of the Green Bonds Team, including its external supporters, are focused on the purposes of the organization, and the goals of the MTI – along with ensuring that all future bonds issued are accessible for investment by retail investors (i.e., not just institutional investors). The Green Bank’s Comprehensive Plan: Green Bonds US, recognizes the need for citizen engagement in order to “confront climate change,” and market research indicates that smaller denomination bonds (i.e., equal to or less than \$1,000) will increase investment by all income classes in Green Bank issued bonds.

In honor of the 50th anniversary of Earth Day (i.e., April 22, 2020), the MTI provides a foundation for the Green Bank to move to the next level in its growth and development in order to increase its impact in Connecticut’s green economy while confronting climate change.

The Green Bank’s Green Bond initiative consists of three distinct but related endeavors:

- A green bond marketing campaign, ***Green Bonds US***, to raise awareness of the Green Bank and our bonds;
- Setting up a MTI to enable the Green Bank to issue bonds under an umbrella structure; and
- Monetization of the third tranche (“Tranche 3”) of Solar Home Renewable Energy Credits (“SHRECs”) as the first bonds issued under the MTI structure

Each of these initiatives is discussed below.

### **Green Bonds US**

Green Bonds US is the theme for a multi-phased, brand awareness marketing campaign promoting the Green Bank and benefits of green energy through a simple but critically important message: green brings us together, green *bonds* us. The campaign encourages people to go to our official BondLink investor page ([www.greenlibertybonds.com](http://www.greenlibertybonds.com)) where prospective bond buyers can get notifications, acquire a broker, and sign up for more information on our “Green Liberty Bonds” and for more information on our products.

The first phase of the campaign launched in November 2019, with a focus on driving awareness of the Green Bank and our mission. This run was centered on a 30-second video aired on NBC broadcast television with over 516,000 viewers and across streaming devices, such as ROKU and Apple TV reaching approximately 190,000 online viewers. It also used digital display banner ads and retargeting to drive traffic to the [www.greenbonds.us](http://www.greenbonds.us) website, where visitors could enter their contact information.

Phase 2 began in February 2020, and featured slightly revised messaging across similar distribution channels, including 14 Metro North Train Station platforms kiosks (Greenwich, Darien, New Canaan, Westport, Fairfield).

Due to the COVID-19 outbreak, we have decided to suspend the campaign on March 16, 2020. We will resume and continue the original plan to lead into the direct marketing of the Green Liberty Bond sale as we approach the issuance.

Tactics to target potential bond buyers will include an email campaign for existing Green Bank customers and stakeholders, presence at green energy-themed events, and partnerships with like-minded organizations in the state, such as Sustainable CT.

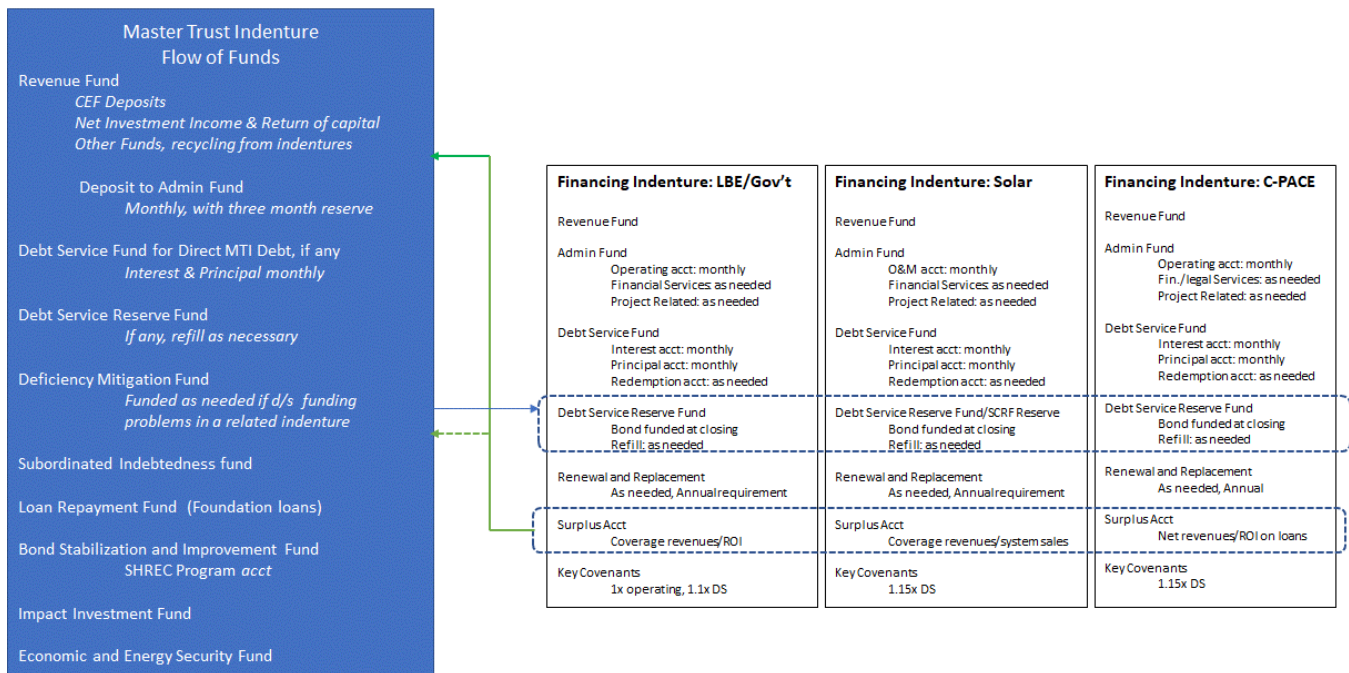
## Master Trust Indenture

The MTI serves as the blueprint for the Green Bank’s future issuance of clean energy bonds – albethey through municipal, asset backed security, or other financing indentures; taxable or tax exempt issuances; with or without the use of the State of Connecticut’s credit enhancement of the SCRF – to serve its purposes and goals.

Following on from the last Green Bond update to the Board on December 20, 2019, Staff has made significant progress toward finalizing the MTI that will lay the foundation for the inaugural Green Liberty Bond as early as April 2020 (subject to municipal bond market conditions), as well as subsequent issuances. These Green Liberty Bonds will be supported by the sale of SHRECs (Tranche 3) to Eversource and United illuminating.

The latest draft of the MTI is provided as Appendix A. Pursuant to the MTI, numerous funds and accounts will be established and administered by the Master Trustee, Bank of New York Mellon (“BNY Mellon”). BNY Mellon will have a number of financial duties including calculation and disbursement of fees, principal and interest payments to bond holders, funneling cash between accounts and funds, and other financial administrative functions, all in accordance with the MTI. The MTI structure allows for debt to be issued directly under the MTI and / or for multiple supplemental bond indentures, one for each new issuance (such as the Green Liberty Bonds supported by Tranche 3), to sit below the MTI with residual funds flowing up from the bond indentures to the MTI funds. The structure therefore allows for the pooling of credit and collateral, which means the strength of the MTI can exceed its individual components.

## MTI and Financing Indentures



Staff requests Board approval of the MTI as a basis for building a compelling bonding program.

### **SHRECs (Tranche 3) Bond Indenture (Inaugural Green Liberty Bonds)**

Staff initially targeted issuing the first bond indenture under the MTI on April 22<sup>nd</sup> 2020 (which would also coincide with the 50<sup>th</sup> anniversary of Earth Day). However, it cannot be overstated how considerable an impact the COVID19 health emergency is having on both the financial markets and world economy. Unprecedented precautionary efforts have been implemented by an increasing number of states to slow the spread of the virus such as social distancing, teleworking, closing schools and universities, and recently announced efforts between Connecticut, New York and New Jersey to close a number of business establishments where large groups of people would ordinarily gather (notably, restaurants, bars, recreation centers and gyms, etc.). The Federal Reserve has already taken actions to reduce short term interest rates to near zero, stabilize the financial system and keep financial markets functioning. Congress and the Executive Branch are as of the date of this memo taking up fiscal stimulus measures to stabilize the economy as the impacts from the declared national emergency depress economic activity. Analysts now expect a global recession in 2020 due to the virus, and the disruption to the municipal bond markets is significant. Given volatile market conditions, Staff recommends continuing to push SHRECs to be “market-ready” by April 22<sup>nd</sup> (the 50<sup>th</sup> Anniversary of Earth Day), but will make a decision to execute and price based on advice of the Green Bank’s financial advisor and Green Liberty Bond underwriters.

To this end, since the last Green Bond update to the Board, the following milestone steps have been attained:

- Independent engineer (DNV GL) completed due diligence of the solar PV systems comprising Tranche 3 and found that Staff projections of energy production (based on the PowerClerk platform estimates), and thus SHREC revenue projections, were somewhat conservative. Based on the DNV GL’s findings, their production estimates were above that estimated by Staff (102.3% of Year 1 projections), but with slightly higher degradation rates<sup>2</sup> (DNV GL 0.68% vs. 0.50%).
- Master Trustee and Green Liberty Bond Trustee selected (Bank of New York Mellon will fulfil both roles)
- Green Liberty Bond underwriters finalized cashflow forecast and structuring (combination of Term Bond and Serial Bonds). This structure might change somewhat based on market conditions at execution, but will be keyed off of a debt service coverage ratio of no less than 1.15: to 1.00.
- Staff prepared final draft of the rating agency presentation to the Public Finance Group at S&P
- Green Liberty Bond Indenture (SHREC Tranche 3) drafted (Appendix B)
- Staff worked with the Principal Debt Management Specialist in the Office of the State Treasurer (“OTT”) (Bettina Bronisz) and OTT bond counsel in drafting the Findings of Self Sufficiency for SHREC Green Liberty Bond issuance (Appendix C to this memo and discussed in more detail below)
- Preliminary Official Statement drafted by Underwriters’ counsel

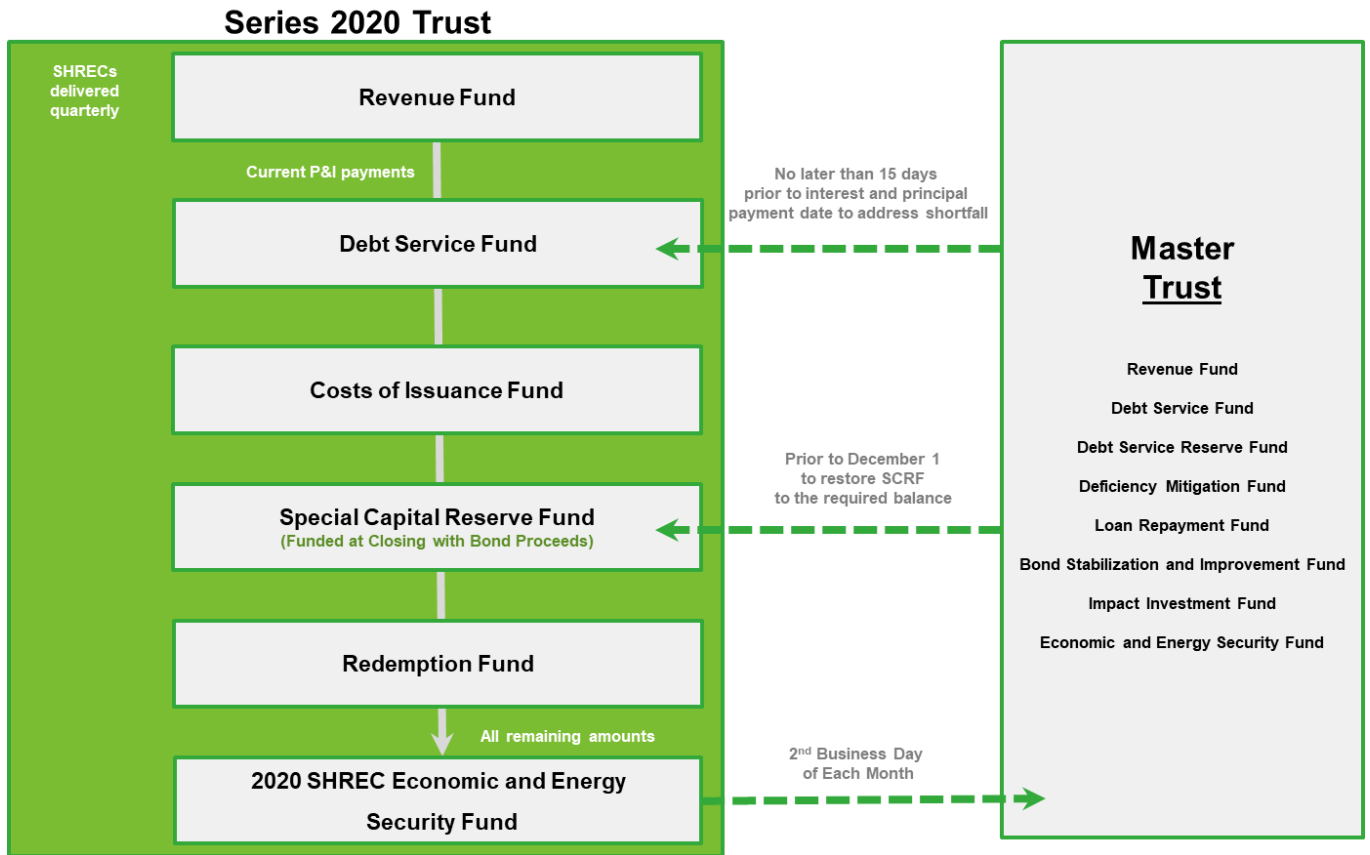
The Green Liberty Bond Indenture provides the framework for a municipal bond issuance supported by revenues from Solar Home Renewable Energy Credits (“SHREC”) through the Residential Solar Investment Program (“RSIP”), with support from the MTI, and potentially the SCRF.

The Green Liberty Bond issuance is structured as nine Serial Bonds each with a different maturity date and a Term Bond, collectively formally known as ‘Solar Home Renewable Energy Credit, Green Liberty Bonds, Series 2020’ (“Series 2020”). As noted above, the Bond Indenture for Series 2020 has been drafted and Figure 1 depicts its interaction with the Master Trust.

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<sup>2</sup> The term “degradation rate” means the rate at which the output of electrical energy from the solar PV system declines over time. Standard solar panel warranties provide for a specified level of degradation over the life of the solar PV panels, typically 25 years.

Figure 1:



Subject to movements in the currently volatile municipal bond market, Ramirez & Co. (the underwriters) has provided the following sizing for the Series 2020 Serial and Term Bonds:

Bond Component	Maturity Date	Amount
Serial Bond:		
	11/15/2021	1,075,000
	11/15/2022	1,090,000
	11/15/2023	1,110,000
	11/15/2024	1,125,000
	11/15/2025	1,145,000
	11/15/2026	1,170,000
	11/15/2027	1,190,000
	11/15/2028	1,215,000
	11/15/2029	1,235,000
	11/15/2030	1,260,000
		11,615,000
Term Bond:		
	11/15/2031	1,290,000
	11/15/2032	1,340,000
	11/15/2033	1,395,000
	11/15/2034	1,160,000
		5,185,000
		16,800,000

Staff requests Board approval of the Series 2020 Bond Indenture as well as the ability to issue up to \$25,000,000 of bonds so long as there is a minimum DSCR of 1.15x using projected generation assumptions under the P50 scenario as confirmed by the Green Bank's independent engineer, DNV-GL.

### **Special Capital Reserve Fund**

One of the strategic objectives for the inaugural Green Liberty Bonds soon to be issued is to enable retail access to clean energy investment opportunities. In its last Green Bond update to the Board, and based upon the recommendations of its financial advisor and underwriters, Staff recommended utilizing credit enhancement in a municipal structure via the use of a Special Capital Reserve Fund ("SCRF") which is available to the Green Bank pursuant to Section 16-245mm of the Connecticut General Statutes ("CGS"). This structure would allow for higher additional proceeds and a greater proportion of retail friendly serial bonds. With the support of a SCRF, the bonds could be rated at or within a "notch" of the credit rating of State of Connecticut General Obligation bonds by the Public Finance Group at S&P. Ramirez expects an 'A' rating from S&P will be very attractive to retail investors.

Pursuing a SCRF credit enhancement requires that Staff establish findings that support "self-sufficiency" of the project, which in this case is the Residential Solar Investment Program (the "RSIP") as supported by SHREC program revenues. Staff established four (4) findings, principal amongst these being forecasts supported by the independent engineer's confirmation that revenues from Tranche 3 are sufficient to pay the principal of and interest on the bonds to be issued. The presentation of these findings in support of this conclusion are contained in a separate memorandum to the Board (see Appendix C 'Findings of Self Sufficiency for Solar Home Renewable Energy Credit (SHREC) Taxable Municipal Bond Issuance by the Connecticut Green Bank').

In very recent discussions with its financial advisor and bond counsel, and in light of the significant disruption to the municipal bond markets, staff is considering an alternative approach for obtaining a credit rating on the Green Liberty Bonds that would rely on the strength of the Master Trust Indenture structure rather than a SCRF. It cannot be known at the present time what the outcome of discussions with the credit ratings agency will be using this alternative approach. The Green Bank might not be able to garner a suitable rating (minimum "A-") for the Green Liberty Bonds without a SCRF. In the end, this issuance of Green Liberty Bonds must be successful as it builds on the success of the first SHREC bonds issued in April 2019 and paves the way for additional bonds to be issued in support of an array of Green Bank programs. To enable the Green Bank to have the option to pursue the most advantageous approach to issuing these Green Liberty Bonds, staff requests Board approval of 'Findings of Self Sufficiency for Solar Home Renewable Energy Credit (SHREC) Taxable Municipal Bond Issuance by the Connecticut Green Bank' and the Determination therein so that Series 2020 can benefit from the credit enhancement provided by use of a SCRF if it is determined that using a SCRF provides the most benefit for the Green Bank.

### **COVID-19**

As you are all aware, the COVID-19 virus is affecting us all with efforts to work at home, limit in person meetings, and to generally use safe distance techniques (i.e., "social distancing"). The virus, and the economic implications of a pandemic, have disrupted the normal relationships in the municipal and muni-Treasury markets, making deal distribution a challenge. There will be considerable swings in interest rates as we all wait for things to settle down. Many large transactions are now posted as "day-to-day", which is Wall Street code for "we are ready, but we will only move forward when the rates work for the issuer."

We will discuss COVID-19 implications on the market during the meeting.

## **Resolutions**

**WHEREAS**, Connecticut Green Bank (“Green Bank”) is authorized pursuant to Sections 16-245n and 16-245kk through 16-245mm of the Connecticut General Statutes (the “Act”), to finance and support financing or other expenditures that promote investment in sources of clean energy, as defined in the Act, by issuing its bonds, notes or other obligations in accordance with the Act; and

**WHEREAS**, the Act provides that, at the discretion of Green Bank, any bonds issued under the Act may be secured by a trust agreement by and between Green Bank and a corporate trustee or trustees, and such trust agreement or the resolution providing for the issuance of such bonds may secure such bonds by a pledge or assignment of any revenues to be received, any contract or proceeds of any contract, or any other property, revenues, moneys or funds available to Green Bank for such purpose; and

**WHEREAS**, a master trust agreement entered into by Green Bank and a master trustee will allow Green Bank to scale-up investment in and expand deployment of clean energy financing and infrastructure development, lower the cost of capital for such financing and development, deploy funding beyond the current revenue sources available to Green Bank, and provide for citizen engagement as retail purchasers of Green Bank bonds to provide such financing, all to achieve the greater societal benefits of Green Bank’s programs (the “Green Bank Financing Goals”); and

**WHEREAS**, pursuant to Connecticut’s Residential Solar Incentive Program (“RSIP”), 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, Green Bank acquires a specific type of renewable energy credit called a “solar home renewable energy credit” and the related environmental and energy 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 from 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 Green Bank acquires the SHRECs from the homeowners and TPOs and related to SHREC Systems for which a tranche was created in 2019 (the “SHREC Tranche 3”) before selling the SHRECs to the Utilities, Green Bank desires to fund its cost recovery under the RSIP by selling bonds secured by the SHREC Receivables related to the SHREC Tranche 3 under the Master Purchase Agreements and other revenues of Green Bank; and



**WHEREAS**, Green Bank considers it necessary, appropriate and desirable to offer for sale, and to sell its Solar Home Renewable Energy Credit, Green Liberty Bonds, Series 2020, in an aggregate principal amount not to exceed \$25,000,000 (the “Bonds”) in a public offering intended to be exempt from registration under the Securities Act of 1933, as amended (the “Securities Act”) by virtue of the exemption from such registration under Section 3(a)(2) of the Securities Act; and

**WHEREAS**, it is in the best interests of Green Bank to sell the Bonds and enter into an indenture of trust with a trustee that will allow Green Bank to pledge the SHREC Receivables related to the SHREC Tranche 3, and if so determined as provided herein, to use the State’s Special Capital Reserve Fund (the “SCRF”), as security for the payment of the Bonds and interest thereon; and

**WHEREAS**, the Board of Directors of Green Bank (the “Board”) has determined that it is in the best interests of Green Bank to enter into and approve the issuance of the Bonds.

**NOW, THEREFORE, BE IT:**

**RESOLVED**, that in order to achieve the Green Bank Financing Goals, Green Bank shall enter into a master trust indenture with The Bank of New York Mellon Trust Company, N.A., as master trustee (the “Master Trust Indenture”) to provide the structure and mechanism for financing Green Bank’s programs; and

**RESOLVED**, that in order to finance the SHREC Receivables for SHREC Tranche 3 under Green Bank’s RSIP program, Green Bank shall enter in to an indenture of trust with The Bank of New York Mellon Trust Company, N.A., as trustee (the “Indenture of Trust”) to finance said SHREC Receivables; and

**RESOLVED**, that to accomplish the financing of the SHREC Receivables for SHREC Tranche 3 and to fund its cost recovery under the RSIP and provide for long term financing of the SHRECs, the issuance of the Bonds by Green Bank is hereby authorized and approved. The Bonds shall be in an aggregate principal amount not to exceed \$25,000,000 and the redemption provisions, if any, sinking fund installment payments, if any, interest rates, maturity dates (not to exceed twenty years from the date of the Bonds) and other terms of the Bonds shall be determined and/or approved by an Authorized Representative (as hereinafter defined) within such limitations permitted herein and by the Act, and the execution of the Purchase Contract (as defined herein) reflecting such terms by an Authorized Representative shall constitute conclusive evidence of such determination; and

**RESOLVED**, that the Bonds shall be special obligations of Green Bank, payable solely by a pledge or assignment of any revenues to be received, any contract or proceeds of any contract, or any other property, revenues, moneys or funds available to Green Bank for such purpose as described in the Indenture of Trust. Neither the State of Connecticut nor any political subdivision thereof shall be obligated to pay the principal of or the interest on the Bonds except from revenues of SHREC Receivables and other revenues pledged therefor under the Indenture of Trust. Neither the full faith and credit nor the taxing power of the State of Connecticut or any political subdivision thereof, including the Green Bank, is pledged to the payment of the principal of or interest on the Bonds; and

**RESOLVED**, that the Self Sufficiency Findings presented to the Board at this meeting are hereby approved and adopted, and an Authorized Representative (as defined herein) is authorized to take appropriate actions to secure the SCRF for the Bonds when and if an Authorized Representative determines, in his or her discretion, that it is in the best interests of Green Bank to secure the SCRF in

connection with the issuance of the Bonds, and provided Green Bank complies with all statutory requirements for the SCRF, which will require among other things (1) State of Connecticut Office of Policy and Management approval, and (2) approval by the Office of the State Treasurer and other documentation required under the Act; and

**RESOLVED**, that the interest on the Bonds shall be includable in the gross income of the holders thereof for federal income tax purposes under the Internal Revenue Code of 1986, as amended, it being hereby found and determined by Green Bank that such issuance is necessary, is in the public interest, and is in furtherance of the purposes and powers of Green Bank; and

**RESOLVED**, that the Master Trust Indenture and the Indenture of Trust, substantially in the forms presented to this meeting, are hereby approved; provided, that if an Authorized Representative determines, as provided herein, that it is not in the best interests of Green Bank to secure the SCRF in connection with the issuance of the Bonds, the Master Trust Indenture and the Indenture of Trust may be revised to reflect any changes to the form, terms and provisions thereof, as determined by an Authorized Representative; and

**RESOLVED**, that the Bonds shall be sold to the Ramirez & Co., for itself and as representative for Stifel & Co., as the initial purchaser (the "Initial Purchaser"), under the terms and conditions of a bond purchase contract (the "Purchase Contract") and subject to certain continuing disclosure requirements as provided in a continuing disclosure agreement (the "Continuing Disclosure Agreement") entered into by Green Bank in connection with the issuance of the Bonds; and

**RESOLVED**, that the form, terms and provisions of the Preliminary Official Statement for the Bonds dated on or about April 9, 2020 as presented to the Board at this meeting be, and they hereby are, approved; provided, that if an Authorized Representative determines, as provided herein, that it is not in the best interests of Green Bank to secure the SCRF in connection with the issuance of the Bonds, the Preliminary Official Statement may be revised to reflect any changes to the form, terms and provisions thereof, as determined by an Authorized Representative; and further

**RESOLVED**, that in connection with the Bonds, the President and any Officer of Green Bank (each, an "Authorized Representative") be, and each of them acting individually hereby is, authorized and directed in the name and on behalf of Green Bank, to prepare and deliver, or cause to be prepared and delivered, a final Official Statement relating to the Bonds, including any revisions thereof and amendments and supplements thereto, to execute and deliver the Bonds, the Master Trust Indenture, the Indenture of Trust, the Purchase Contract, the Continuing Disclosure Agreement, and any other documents or instruments, with such changes, insertions and omissions as may be approved by an Authorized Representative, as he or she deems advisable for the purpose of issuing the Bonds (collectively, the "Financing Documents") and the execution and delivery of said Financing Documents shall be conclusive evidence of any approval required by this Resolution; and

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

Appendix A – Master Trust Indenture  
[Provide to Board as separate document]

Appendix B – Bond Indenture Series 2020

[Provide to Board as separate document]

Appendix C - Findings of Self Sufficiency for Solar Home Renewable Energy Credit (SHREC) Taxable  
Municipal Bond Issuance by the Connecticut Green Bank



**MASTER TRUST INDENTURE**

between

**CONNECTICUT GREEN BANK**

and

**THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,**  
as Master Trustee

Dated as of \_\_\_\_\_, 2020

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## TABLE OF CONTENTS

		<u>Page</u>
<b>ARTICLE I</b>	<b>DEFINITIONS AND INTERPRETATION</b> .....	3
Section 1.01	Definitions.....	3
Section 1.02	Interpretation.....	14
Section 1.03	References to Master Indenture .....	15
Section 1.04	Contents of Certificates and Opinions .....	15
<b>ARTICLE II</b>	<b>AUTHORIZATION, ISSUANCE AND FORM OF OBLIGATIONS</b> .....	15
Section 2.01	Authorization of Obligations .....	15
Section 2.02	Authorization for Issuance of Obligations in Series .....	16
Section 2.03	Execution and Authentication of Obligations.....	17
Section 2.04	Conditions to the Issuance of Obligations .....	17
<b>ARTICLE III</b>	<b>GREEN BANK PROGRAMS FUND</b> .....	18
Section 3.01	Green Bank Programs Fund.....	18
<b>ARTICLE IV</b>	<b>PLEDGE; ESTABLISHMENT OF FUNDS AND ACCOUNTS; INVESTMENTS</b> .....	19
Section 4.01	Pledge.....	19
Section 4.02	Establishment of Funds and Accounts.....	19
Section 4.03	Revenue Fund .....	20
Section 4.04	Debt Service Reserve Fund.....	21
Section 4.05	Deficiency Mitigation Fund.....	22
Section 4.06	Bond Stabilization and Improvement Fund .....	22
Section 4.07	Impact Investment Fund .....	23
Section 4.08	Economic and Energy Security Fund .....	24
Section 4.09	Loan Repayment Fund.....	24
Section 4.10	Subordinated Indebtedness Fund .....	25
Section 4.11	Investment of Moneys.....	25
<b>ARTICLE V</b>	<b>REPRESENTATIONS AND COVENANTS OF GREEN BANK</b> .....	26
Section 5.01	Payment of Obligations.....	26
Section 5.02	Offices for Servicing Obligations. ....	26



Section 5.03	Further Assurance. ....	26
Section 5.04	Power to Issue Obligations and Pledge Revenues. ....	26
Section 5.05	Tax Covenants. ....	27
Section 5.06	Accounts and Periodical Reports and Certificates. ....	27
Section 5.07	Indebtedness and Liens. ....	27
Section 5.08	General. ....	28
Section 5.09	Agreement of Green Bank. ....	28
Section 5.10	State Not to Impair Obligations of Green Bank. ....	28
Section 5.11	Payment of Revenues Upon Event of Default. ....	28
<b>ARTICLE VI</b>	<b>SUPPLEMENTS AND AMENDMENTS</b> .....	<b>28</b>
Section 6.01	Supplements Not Requiring Consent of Holders. ....	28
Section 6.02	Supplements Requiring Consent of Holders. ....	29
Section 6.03	Execution and Effect of Supplements. ....	30
Section 6.04	Amendment of Related Supplements. ....	31
<b>ARTICLE VII</b>	<b>DEFAULTS; REMEDIES ON DEFAULT</b> .....	<b>31</b>
Section 7.01	Events of Default. ....	31
Section 7.02	Remedies Upon Default. ....	31
Section 7.03	Accounting and Examination of Records After Default. ....	32
Section 7.04	Application of Revenues and Other Moneys After Default. ....	32
Section 7.05	Proceedings Brought by Master Trustee. ....	33
Section 7.06	Restriction on Holders' Action. ....	34
Section 7.07	Remedies Not Exclusive. ....	35
Section 7.08	Effect of Waiver and Other Circumstances. ....	35
<b>ARTICLE VIII</b>	<b>THE MASTER TRUSTEE</b> .....	<b>35</b>
Section 8.01	Concerning the Master Trustee; Acceptance of Master Trustee. ....	35
Section 8.02	Obligation of Master Trustee. ....	36
Section 8.03	Responsibilities of Master Trustee. ....	36
Section 8.04	Property Held in Trust. ....	38
Section 8.05	Evidence on Which Master Trustee May Act. ....	38
Section 8.06	Compensation and Indemnification. ....	38
Section 8.07	Permitted Acts. ....	39
Section 8.08	Resignation of Master Trustee. ....	39

Section 8.09	Removal of Master Trustee.....	39
Section 8.10	Successor Master Trustee. ....	39
Section 8.11	Transfer of Rights and Property to Successor Master Trustee. ....	40
Section 8.12	Merger or Consolidation of the Master Trustee.....	40
Section 8.13	Several Capacities. ....	40
Section 8.14	Co-Master Trustees. ....	40
Section 8.15	Master Trustee May Fix Record Date.....	41
Section 8.16	When Obligations Disregarded. ....	41
Section 8.17	Compliance with CGS Section 4a-60 and 4a-60a.....	41
Section 8.18	Compliance with CGS Section 9-612(g)(2).....	43
<b>ARTICLE IX</b>	<b>SATISFACTION AND DISCHARGE OF MASTER</b>	
	<b>INDENTURE.....</b>	<b>43</b>
Section 9.01	Payment of Obligations; Defeasance. ....	43
Section 9.02	Payment of Obligations after Discharge of Lien. ....	44
<b>ARTICLE X</b>	<b>MISCELLANEOUS PROVISIONS.....</b>	<b>44</b>
Section 10.01	Evidence of Signatures of Holders and Ownership of Obligations.....	44
Section 10.02	Governing Law. ....	44
Section 10.03	Counterparts. ....	44
Section 10.04	Parties Interested Herein. ....	45
Section 10.05	No Recourse on the Obligations. ....	45
Section 10.06	Successors and Assigns.....	45
Section 10.07	Severability of Invalid Provisions.....	45
Section 10.08	Payments on Saturdays, Sundays and Holidays. ....	45
Section 10.09	Effective Date. ....	45
Section 10.10	Notice.....	45

## MASTER TRUST INDENTURE

THIS MASTER TRUST INDENTURE (this “Master Indenture”), dated as of \_\_\_\_\_, 2020 between CONNECTICUT GREEN BANK (“Green Bank”) and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association organized and existing under the laws of the United States of America, being qualified to accept and administer the trusts hereby created as master trustee (the “Master Trustee”).

### W I T N E S S E T H:

WHEREAS, pursuant to Sections 16-245n and 16-245kk through 16-245mm of the Connecticut General Statutes (the “Act”), Green Bank is established and created as a body politic and corporate constituting a public instrumentality and political subdivision of the State of Connecticut (the “State”); and

WHEREAS, Green Bank is authorized to finance and support financing or other expenditures that promote investment in sources of clean energy, as defined in the Act, pursuant to its Resolution of Purpose and in accordance with a Comprehensive Plan developed by Green Bank in accordance with the Act; and

WHEREAS, Green Bank may pledge its revenues to secure any borrowing for the purpose of developing, acquiring, constructing, refinancing, rehabilitating or improving its assets or supporting its programs, provided that each such borrowing, unless otherwise provided by its Board of Directors, shall be a special obligation of Green Bank, payable solely from the assets, revenues and other resources of Green Bank; and

WHEREAS, Green Bank is authorized from time to time to issue its negotiable bonds for any corporate purpose, as shall be authorized by resolution its Board of Directors; which resolution may contain provisions, which shall be part of the contract with holders of the bonds to be authorized, for Green Bank to pledge all or any part of the revenues of a project or any revenue-producing contract or contracts made by Green Bank or any other property, revenues, funds or legally available moneys to secure the payment of the bonds or of any particular issue of bonds; and

WHEREAS, at the discretion of Green Bank, any bonds may be secured by a trust agreement by and between Green Bank and a corporate trustee or trustees, which trust agreement may secure such bonds by a pledge or assignment of any revenues to be received, any contract or proceeds of any contract, or any other property, revenues, moneys or funds available to Green Bank for such purpose; any such pledge shall be valid and binding from the time when the pledge is made; and the lien of any such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against Green Bank, irrespective of whether the parties have notice of the claims; and

WHEREAS, Green Bank expects to issue bonds, bond anticipation notes, other notes or other obligations for its various programs that promote investment in clean energy sources (the “Obligations”) and desires to obtain low cost capital to support the financing of those programs by entering into this Master Indenture; and

WHEREAS, all acts and things necessary to constitute this Master Indenture a valid indenture and agreement according to its terms have been done and performed and Green Bank has duly authorized the execution and delivery of this Master Indenture; and

WHEREAS, the Master Trustee agrees to accept and administer the trusts created hereby in accordance with the terms and conditions hereof.

NOW, THEREFORE, THIS MASTER INDENTURE WITNESSETH, that to secure the payment of Required Payments and all other amounts due from time to time under this Master Indenture, including those due to the Master Trustee, to secure the performance and observance of all of the covenants, agreements, obligations and conditions contained in the Obligations and in this Master Indenture, and to declare the terms and conditions upon and subject to which the Obligations are and are intended to be issued, held, secured and enforced and in consideration of the premises and the acceptance by the Master Trustee of the trusts created herein and of the purchase and acceptance of the Obligations by the Holders and for other good and valuable consideration, the receipt of which is acknowledged, Green Bank has executed and delivered this Master Indenture and absolutely and irrevocably grants, bargains, sells, conveys, releases, pledges and assigns to the Master Trustee and to its successors in trust, on the basis set forth herein, and its and their assigns, all right, title and interest of Green Bank in and to the following (collectively, the "Trust Estate"):

(1) The Revenue Fund (except for the Operating Account within the Revenue Fund), the Debt Service Reserve Fund, the Deficiency Mitigation Fund, the Bond Stabilization and Improvement Fund, the Economic and Energy Security Fund and the Impact Investment Fund, together with any and all receipts, funds or moneys, investments and other property of every kind and nature from time to time hereafter on deposit in or payable to such funds and accounts thereof;

(2) All of the Green Bank's right, title and interest in the Revenues, as hereinafter defined, and all other agreements and property that may in the future be delivered, or by writing of any kind, conveyed, pledged, assigned or transferred to Green Bank as additional security hereunder for the Obligations, subject to the right of Green Bank to pledge any such Revenues as permitted hereunder pursuant to any Related Bond Indenture; and

(3) As may be provided in any Related Supplement authorizing revenues to be pledged to the Master Trustee, revenues transferred to the Master Trustee pursuant to such Related Supplement, including the right of the Master Trustee to require the application of any such revenues, together with any and all receipts, funds or moneys of every kind and nature from time to time hereafter available under this Master Indenture.

TO HAVE AND TO HOLD all in singular the Trust Estate, whether now owned or hereafter acquired, unto the Master Trustee and its successors and assigns forever, SUBJECT, HOWEVER, IN ALL CASES to the application thereof for the purposes and on the terms and conditions hereafter set forth in this Master Indenture;

IN TRUST, NEVERTHELESS, under and subject to the terms and conditions as hereinafter set forth for:

(a) the equal and proportionate benefit, security and protection of all present and future Holders of the Obligations from time to time issued and to be issued under and secured by this Master Indenture without privilege, priority or distinction as to the lien or otherwise of any Obligation over any other Obligations equally secured, excluding Subordinated Indebtedness, and for enforcement of the payment of the Obligations in accordance with their terms, and all other sums payable hereunder, on or in connection with the Obligations and for the performance of and compliance with the obligations, covenants and conditions of and subject to the provisions of this Master Indenture, permitting the application and investment thereof for the purposes and on the terms and conditions set forth herein;

(b) the enforcement of the payment of the principal of, redemption premium, if any, and interest on the Obligations, and all other amounts due from time to time under this Master Indenture, including those due to the Master Trustee, when payable, according to the true intent and meaning thereof and of this Master Indenture, and

(c) security for the performance and observance of and compliance with the covenants, agreements, obligations, terms and conditions of this Master Indenture in connection with the issuance of the Obligations,

in each case, without preference, priority or distinction, as to lien or otherwise except as provided herein, of any one Obligation over any other by reason of designation, number, date of the Obligations or of authorization, issuance, sale, execution, authentication, delivery or maturity thereof, or otherwise, so that each Obligation and all Obligations shall have the same right, lien and privilege under this Master Indenture and shall be secured equally and proportionately by this Master Indenture, it being intended that the lien and security of this Master Indenture shall take effect from the date hereof, without regard to the date of the actual issue, sale or disposition of the Obligations, as though upon that date all of the Obligations were actually issued, sold and delivered to purchasers for value.

PROVIDED, HOWEVER, that upon satisfaction of and in accordance with the provisions of Article IX hereof, the rights assigned hereby shall cease, terminate and be void to the extent described therein, otherwise such rights shall be and remain in full force and effect; and

It is declared that the Obligations to be issued under and secured by this Master Indenture are to be issued, authenticated and delivered, and that all Revenues assigned or pledged hereby are to be dealt with and disposed of under, upon and subject to, the terms, conditions, stipulations, covenants, agreements, obligations, trusts, uses and purposes provided in this Master Indenture; and Green Bank has agreed and covenanted, and agrees and covenants with the Master Trustee and with each and all holders of Obligations, as follows:

## **ARTICLE I**

### **DEFINITIONS AND INTERPRETATION**

Section 1.01 Definitions. Unless the context otherwise requires, the terms defined in this Section shall for all purposes of this Master Indenture and of any supplements hereto and of any

certificate, opinion or other document herein mentioned, have the meanings herein specified, equally applicable to both singular and plural forms of any of the terms herein defined.

“Account” means one of the accounts created and established pursuant to this Master Indenture.

“Accountant” means any firm of independent certified public accountants selected by Green Bank.

“Act” means Sections 16-245n and 16-245kk through 16-245mm of the Connecticut General Statutes, as amended from time to time.

“Administrative Fees” means the items of expense to be paid or reimbursed by Green Bank related to this Master Indenture, which items of expense shall include, but not be limited to: fees and charges for the authorization, issuance, execution, delivery, transportation and safekeeping of Obligations and Related Obligations; legal fees and charges, professional consultant fees, costs of credit ratings, loan origination and loan servicing fees, debt obligation underwriting and debt obligation issuance fees, and other costs, charges and fees in connection with the foregoing or as otherwise identified in a written direction of Green Bank delivered to the Master Trustee pursuant to Section 4.03 hereof.

“Authorized Representative” means with respect to Green Bank, the President or any other person designated as an Authorized Representative of Green Bank by resolution of its Board of Directors.

“Balloon Indebtedness” means Long-Term Indebtedness 25% or more of the principal of which becomes due (either by maturity or mandatory redemption) during any period of twelve (12) consecutive months, which portion of the principal is not required by the documents governing such Indebtedness to be amortized by redemption prior to such date.

“Bond Counsel” means counsel of recognized national standing in the field of law relating to municipal Obligations, appointed by Green Bank.

“Bond Proceeds” means the proceeds of the sale of Related Obligations.

“Bond Stabilization and Improvement Fund” means the fund by that name established pursuant to Sections 4.02 and 4.06 hereof.

“Business Day” means any day other than a Saturday, a Sunday, or a day on which national banking associations or state banking institutions in the State of New York, the State of Connecticut or the State in which the corporate trust office of the Master Trustee is located are authorized or obligated by law or executive order to be closed.

“Certificate” of Green Bank or the Master Trustee means, respectively, a written certificate signed in the name of Green Bank by its Authorized Representative or in the name of the Master Trustee by its responsible officer. Any such instrument and supporting opinions or certificates, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or certificate and the two or more so combined shall be read and construed as a single instrument. If

and to the extent required by Section 1.04 hereof, each such instrument shall include the statements provided for in Section 1.04.

“Code” means the Internal Revenue Code of 1986, as amended.

“Comprehensive Plan” means the comprehensive plan developed by Green Bank, as amended from time to time, in accordance with Sections 16-245n(c) of the Connecticut General Statutes, as amended from time to time.

“Contribution Account” means the account by that name established pursuant to Section 3.01 hereof.

“Contributions” means gifts, grants, bequests, donations and contributions made to or for the benefit of Green Bank and specifically restricted by the donor for the purposes for which amounts on deposit in the Program Fund may be applied, which amounts shall be designated as such in an Officer’s Certificate upon the delivery thereof to the Master Trustee.

“Credit Enhancement Fees” means any fees or costs payable by Green Bank to stabilize or improve the rating provided by a Rating Agency on Outstanding Long-Term Indebtedness of Green Bank.

“Credit Facility” means a line of credit, letter of credit or other similar financial instrument, including any fees or costs related thereto.

“Debt Service Coverage Ratio” means the fraction calculated by dividing (i) the total amount of Revenues received during the most recent Fiscal Year, as shown on the audited financial statements of Green Bank for such Fiscal Year, by (ii) the total amount of Required Payments payable during such Fiscal Year.

“Debt Service Requirement” means, for any Fiscal Year for which such determination is made, the aggregate of the scheduled payments to be made with respect to principal (or mandatory sinking fund or installment purchase price or lease rental or similar payments) and interest on Outstanding Long-Term Indebtedness of Green Bank during such period, taking into account, as determined by Green Bank, the following:

(a) With respect to Indebtedness represented by a Guaranty of obligations of a Person, as long as any such Guaranty is a contingent liability under generally accepted accounting principles, the principal and interest deemed payable with respect to such Guaranty shall be deemed to be the lowest percentage of debt service requirements set forth immediately following this paragraph (determined after giving effect to any other paragraph of this definition as determined by Green Bank), if the Debt Service Coverage Ratio (determined in a manner as nearly as practicable to the determination of the Debt Service Requirement hereunder) of the Person primarily obligated on the obligations effectively guaranteed by such Guaranty for the immediately preceding Fiscal Year (the “Accommodated Person”), or any other 12-month period ending within 180 days prior to the date of calculation, shall be greater than the amount specified opposite such percentage below; provided, Green Bank may revise such percentage to give effect to additional credit support or collateral provided for the obligations of such Accommodated Person:

<u>Debt Service Coverage Ratio of Accommodated Person</u>	<u>Percentage of Debt Service Requirements</u>
Over 1.35X	20%
1.15X to 1.35X	25%
Less than 1.15X	35%

If any such Guaranty becomes a non-contingent liability but thereafter becomes a contingent liability, during the period such Guaranty is a non-contingent liability and for two years after such Guaranty becomes a contingent liability, 100% of the annual debt service on the indebtedness being guaranteed shall be added to the computation of the Debt Service Requirement.

(b) With respect to Balloon Indebtedness, the amount of principal and interest deemed payable during such period shall be determined as if such Balloon Indebtedness were being repaid in substantially equal annual installments of principal and interest over a term over which Green Bank could reasonably be expected to borrow, not to exceed thirty-five (35) years from the date of incurrence of such Balloon Indebtedness, and bearing interest at an interest rate (determined as of the date of calculation of the Debt Service Requirement) equal to the rate at which Green Bank could reasonably be expected to borrow for such term, by issuing Indebtedness, all as set forth in an Officer's Certificate dated as of the date of incurrence of such Balloon Indebtedness accompanied by a letter of a banking or investment banking institution, or financial advisor, knowledgeable in matters of renewable energy facility finance, confirming that the borrowing term and interest rate assumptions set forth in such statement comply with the requirements of this subsection.

(c) With respect to Variable Rate Indebtedness, if the actual interest rate on such Variable Rate Indebtedness cannot be determined for the period for which the Debt Service Requirement is being calculated and there is no Financial Products Agreement in place to manage such Variable Rate Indebtedness exposure, the amount of interest deemed payable during such period on such Variable Rate Indebtedness shall be assumed to be equal to the average interest rate per annum which was in effect for any twelve (12) consecutive calendar months specified in an Officer's Certificate during the eighteen (18) calendar months immediately preceding the date of calculation of the Debt Service Requirement (or, if such Variable Rate Indebtedness was not Outstanding during such eighteen-month period, the average interest rate per annum which would have been in effect).

(d) With respect to Indebtedness payable from an Irrevocable Deposit, the amount of principal or interest taken into account during such period shall be assumed to equal only the principal or interest not payable from such Irrevocable Deposit and the investment income from such funds.

(e) With respect to Long-Term Indebtedness incurred to finance or refinance the construction of capital improvements, principal and interest with respect to such Long-Term



Indebtedness shall be excluded from the determination of the Debt Service Requirement but only in proportion to the amount of principal and interest on such Long-Term Indebtedness which is payable in the then current Fiscal Year from the proceeds of such Long-Term Indebtedness.

(f) With respect to Long-Term Indebtedness, including Variable Rate Indebtedness, with respect to which a Financial Products Agreement has been entered into by Green Bank, interest on such Long-Term Indebtedness shall be included in the determination of the Debt Service Requirement by including for each Fiscal Year an amount equal to the amount of interest payable on such Long-Term Indebtedness in such Fiscal Year at the rate or rates stated in such Long-Term Indebtedness plus any Financial Product Payments payable in such Fiscal Year minus any Financial Products Receipts receivable in such Fiscal Year; provided that in no event shall any calculation made pursuant to this subsection result in an amount less than zero being included in the determination of the Debt Service Requirement; and provided, further, that if the actual interest rate on such Long-Term Indebtedness or the actual amount of Financial Product Payments or Financial Products Receipts cannot be determined for the period for which the Debt Service Requirement is being calculated, then the amount of interest deemed payable during such period on such Long-Term Indebtedness shall be determined by applying the average interest rate per annum which was in effect or the average Financial Product Payments which would have been paid, or the average Financial Products Receipts which would have been received, as the case may be, for any twelve (12) consecutive calendar months specified in an Officer's Certificate during the eighteen (18) calendar months immediately preceding the date of calculation of the Debt Service Requirement (or, if such Long-Term Indebtedness was not Outstanding during such eighteen month period, the average rate which would have been in effect).

(g) With respect to Credit Enhancement Fees, any such fees for any Fiscal Year specified in an Officer's Certificate.

"Debt Service Reserve Fund" means the fund by that name established pursuant to Sections 4.02 and 4.04 hereof.

"Debt Service Reserve Fund Requirement" means as of any date of calculation, an amount equal to the maximum amount of Required Payments becoming due in the calendar year in which such computation is made or in any succeeding calendar year, on Obligations issued directly under this Master Indenture.

"Defeasance Obligations" means any obligations authorized under applicable State law and the related financing documents to be deposited in escrow for the defeasance of any Obligations.

"Deficiency Mitigation Fund" means the fund by that name established pursuant to Sections 4.02 and 4.05 hereof.

"Deficiency Mitigation Fund Requirement" means, as of any date of calculation, the aggregate of all Related Deficiency Mitigation Fund Requirements; provided, however, that any decrease thereto or elimination thereof shall be accompanied by an Officer's Certificate delivered to the Master Trustee.

"Distribution Direction" means the written direction defined in Section 4.03 hereof

“Donor Program” means any program funded by Contributions or Loans.

“Economic and Energy Security Fund” means the fund by that name established pursuant to Sections 4.02 and 4.08 hereof.

“Event of Default” means any of the events specified in Section 7.01 hereof.

“Excess Revenue Requirement” means, initially, zero dollars (\$0), as such amount may be increased or decreased, each as set forth in a Related Supplement; provided, however, that any decrease thereto shall be accompanied by an Officer’s Certificate delivered to the Master Trustee.

“Financial Products Agreement” means a Credit Facility, interest rate swap, cap, collar, option, floor, forward or other hedging agreement or arrangement identified to the Master Trustee in a Related Supplement or otherwise in an Officer’s Certificate as having been entered into by or assigned to Green Bank with a Qualified Provider not for speculative or investment purposes but for the purpose of (1) reducing or otherwise managing Green Bank’s risk of interest rate changes or (2) effectively converting Green Bank’s interest rate exposure, in whole or in part, from a fixed rate exposure to a variable rate exposure, or from a variable rate exposure to a fixed rate exposure. If the effect of the Financial Products Agreement is to subject a capital reserve fund, which is in any way contributed to or guaranteed by the State, to potential liability, the Financial Products Agreement must be approved by Treasurer of the State or his or her designee.

“Financial Products Payments” means payments required to be paid to a counterparty by Green Bank pursuant to a Financial Products Agreement, as the same may be further identified in a Related Supplement.

“Financial Products Receipts” means amounts required to be paid to Green Bank by a counterparty pursuant to a Financial Products Agreement, as the same may be further identified in a Related Supplement.

“Fiscal Year” means that period adopted by Green Bank as its annual accounting period. The Fiscal Year is initially the twelve month period commencing on July 1 and ending on June 30 in each year.

“Fund” means any fund established pursuant to Section 4.02 of this Master Indenture.

“Government Obligations” means the obligations of the United States of America, including the joint and several obligations of the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Savings and Loan Insurance Corporation, obligations of the United States Postal Service, all the federal home loan banks, all the federal land banks, all the federal intermediate credit banks, the Central Bank for Cooperatives, the Tennessee Valley Authority, or any other agency of the United States government.

“Governmental Issuer” means any municipal corporation, political subdivision, state, territory or possession of the United States, or any constituted authority or agency or instrumentality of any of the foregoing empowered to issue obligations on behalf thereof, which obligations constitute Related Obligations.

“Green Bank Program” means any program funded by Green Bank.

“Green Bank Programs Fund” or “Program Fund” means the fund by that name established pursuant to Section 3.01 hereof.

“Guaranty” means all loan commitments and all obligations of Green Bank guaranteeing in any manner whatever, whether directly or indirectly, any obligation of any other Person that would, if such other Person were Green Bank, constitute Indebtedness.

“Holder” means the registered owner of any Obligation in registered form or the bearer of any Obligation in coupon form that is not registered or is registered to bearer.

“Impact Investment Fund” means the fund by that name established pursuant to Sections 4.02 and 4.07 hereof.

“Indebtedness” means all obligations for borrowed money, installment sales and capitalized lease obligations, including Obligations, incurred or assumed by Green Bank including Guaranties, Long-Term Indebtedness, Short-Term Indebtedness or any other obligation for payments of principal and interest with respect to money borrowed.

“Independent Consultant” means a Person that (1) does not have any direct financial interest or any material indirect financial interest in Green Bank and (2) is not connected with an officer, employee, promoter, trustee, partner, director or Person performing similar functions, and designated by Green Bank as qualified to pass upon questions relating to the financial affairs of Green Bank and as having a favorable reputation for skill and experience.

“Irrevocable Deposit” means the irrevocable deposit in trust with any trustee or escrow agent authorized to act in such capacity of cash in an amount or Government Obligations the principal of and interest on which will be an amount, and under the terms sufficient to pay all or a portion of the principal of and/or premium, if any, and interest on, as the same shall become due, any Indebtedness which would otherwise be considered Outstanding. The trustee of such deposit may be the Master Trustee or any other trustee authorized to act in such capacity.

“Loan” or “Loans” means funds provided by a Person to or for the benefit of Green Bank on the basis that all or any portion of such funds would be repaid to the Person, would be Subordinated Indebtedness under this Master Indenture and would be specifically restricted by the Person for the purposes for which amounts on deposit in the Program Fund may be applied, which amounts shall be designated as such in an Officer’s Certificate upon the delivery thereof to the Master Trustee.

“Loan Account” means the account by that name established within the Program Fund pursuant to Section 3.01 hereof.

“Long-Term Indebtedness” means Indebtedness having an original maturity greater than one year or renewable at the option of Green Bank for a period greater than one year from the date of original incurrence or issuance thereof.

“Master Indenture” means this instrument as originally executed and as it may from time to time be supplemented, modified or amended in accordance with the terms hereof.

“Master Trustee” means \_\_\_\_\_, a national banking association organized and existing under and by virtue of the laws of the United States of America and, subject to the limitations contained in Section 8.14 hereof, any other corporation or association which may be co-Trustee with \_\_\_\_\_, and any successor or successors to said Trustee or co-Trustee in the trusts created hereunder.

“Moody’s” means Moody’s Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and their assigns, or, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, any other nationally recognized securities rating agency designated by Green Bank.

“Nationally Recognized Statistical Rating Organization” means a credit rating agency that issues credit ratings that the United States Securities and Exchange Commission permits other financial firms to use for regulatory purposes.

“Obligation” means any obligation of Green Bank issued hereunder, which shall be in the form set forth in a Related Supplement, including, but not limited to, bonds, notes, obligations, debentures, reimbursement agreements, Financial Products Agreements, Credit Facilities, loan agreements, leases or lease purchase agreements, and any obligation of Green Bank to make payment of any funds to the trustee under any Related Bond Indenture. Reference to a Series of Obligations or to Obligations of a Series means Obligations or a series of Obligations issued pursuant to a single Related Supplement, unless otherwise specified in the Related Supplement.

“Officer’s Certificate” means a Certificate signed by the Authorized Representative of Green Bank.

“Operating Account” means the account by the name established pursuant to Section 4.02 hereof and held by Green Bank.

“Operating Expenses” means all reasonable and necessary current and future costs and expenses of Green Bank to function as a quasi-public entity in accordance with State law and fulfill its purposes, other than loans to Persons, including all employee wages, salaries and benefits, as provided in its approved budget. Operating Expenses do not include principal of or interest on any Obligations or the costs for or related to Credit Facilities.

“Opinion of Counsel” means a written opinion signed by an attorney or firm of attorneys who may be counsel for Green Bank.

“Outstanding,” when used with reference to Indebtedness or Obligations, means, as of any date of determination, all Indebtedness or Obligations theretofore issued or incurred and not paid and discharged other than (a) Obligations theretofore cancelled by the Master Trustee or delivered to the Master Trustee for cancellation, (b) Obligations in lieu of which other Obligations have been authenticated and delivered or have been paid pursuant to the provisions of a Related Supplement regarding mutilated, destroyed, lost or stolen Obligations unless proof satisfactory to the Master Trustee has been received that any such Obligation is held by a protected purchaser, (c) any

Obligation held by Green Bank, and (d) Indebtedness deemed paid and no longer outstanding pursuant to the terms thereof; provided, however, that if two or more obligations which constitute Indebtedness represent the same underlying obligation (as when an Obligation secures an issue of Related Obligations and another Obligation secures repayment obligations to a bank under a letter of credit which secures such Related Obligations) for purposes of the various financial covenants contained herein, but only for such purposes, only one of such Obligations shall be deemed Outstanding and the Obligation so deemed to be Outstanding shall be that Obligation which produces the greater amount of payments to be included in the calculation of such covenants.

“Permitted Investments” shall mean, unless otherwise provided in a Related Supplement, negotiable instruments or securities represented by instruments in bearer or registered or in book-entry form which evidence (i) obligations fully guaranteed by the United States of America; (ii) obligations of any agency of the United States of America; and (iii) any other instruments or securities in which Green Bank may lawfully invest.

“Person” means an individual, corporation, limited liability company, firm, association, partnership, trust, or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

“Principal Amount” means, with respect to an Obligation, the principal amount of such Obligation; provided that, for any Obligation issued in connection with a Financial Products Agreement, the net amount payable (if any) following the designation of an early termination date thereunder and the determination of the early termination or unwind amount in accordance with such Financial Products Agreement.

“Prior Bond Indentures” means (i) the Indenture of Trust between the Connecticut Green Bank and U.S. Bank National Association as Trustee for \$2,957,971.35 Clean Renewable Energy Bonds (CGB Meriden Hydro LLC Project) dated as of February 2, 2017, (ii) the Base Indenture between SHREC ABS 1 LLC and the Bank of New York Mellon Trust Company, N.A., as supplemented by the Series 2019-1 Indenture Supplement, for the SHREC ABS 1 LLC Series 2019-1 SHREC Collateralized Notes (\$36,800,000 Series 2019-1 Notes, Class A and \$1,800,000 Series 2019-1 Notes, Class B) dated as of April 2, 2019, and (iii) the Indenture of Trust between the Connecticut Green Bank and Bank of New York Mellon Trust Company, N.A. as Trustee for \$\_\_\_\_\_ Solar Home Renewable Energy Credits, Green Liberty Bonds, Series 2020, dated as of \_\_\_\_\_, 2020.

“Prior Lease/Purchase Agreement” means the \$9,101,729.15 Equipment Lease/Purchase Agreement (Taxable Direct Pay New Clean Renewable Energy Bond) Connecticut State Colleges and University System between Banc of America Leasing & Capital, LLC and Green Bank, dated as of December 29, 2017, as amended October 25, 2018.

“Projected Debt Service Coverage Ratio” means, for any future period, the projected Debt Service Coverage Ratio; provided, however, that for purposes of the issuance of Indebtedness, Green Bank may consider all expected revenues from the issuance of such Indebtedness including at the time of issuance and any and all moneys held in the funds or accounts of this Master Indenture, except moneys held in the Program Fund, the Operating Account or any other account excluded from the pledge of this Master Indenture pursuant to a Related Supplement.

“Principal Amount” means, with respect to an Obligation, the principal amount of such Obligation; provided that, for any Obligation issued in connection with a Financial Products Agreement, the net amount payable (if any) following the designation of an early termination date thereunder and the determination of the early termination or unwind amount in accordance with such Financial Products Agreement.

“Qualified Provider” means any major financial institution or insurance company domiciled in the United States or having a branch or office in the United States and which is a counterparty to a Financial Products Agreement if the unsecured long-term debt obligations of such financial institution or insurance company (or of the parent or a subsidiary of such financial institution or insurance company if such parent or subsidiary guarantees the performance of such financial institution or insurance company under such Financial Products Agreement), or obligations secured or supported by a letter of credit, contract, guarantee, agreement, insurance policy or surety bond issued by such financial institution or insurance company (or such guarantor parent or subsidiary), are rated in one of the three highest Rating Categories of a national rating agency at the time of the execution and delivery of the Financial Products Agreement (and if in the third highest rating category, that it have two such ratings from each of S&P, Moody’s or a Nationally Recognized Statistical Rating Organization).

“Rating Agency” means, as at any time, Moody’s, S&P or any Nationally Recognized Statistical Rating Organization, then rating Related Obligations at the request of Green Bank.

“Reimbursement Account” means the account by that name established within the Program Fund pursuant to Section 3.01 hereof.

“Related Bond Indenture” means any indenture, trust agreement, bond resolution or other comparable instrument pursuant to which Related Obligations are issued.

“Related Deficiency Reserve Fund Requirement” means, as of any date of calculation, the Deficiency Reserve Fund Requirement of any Obligations as provided in a Related Supplement or a Related Bond Indenture entered into in connection with said Obligations.

“Related Obligations” means the revenue bonds or other obligations issued by Green Bank or any Governmental Issuer or financial institution, pursuant to a single Related Bond Indenture, the proceeds of which are made available to Green Bank in consideration of the execution, authentication and delivery of an Obligation or Obligations to or for the order of such Governmental Issuer excluding any such Obligation or Obligations for which Green Bank does not provide any credit support or receive any excess loan or other revenues or funds for the use by Green Bank at its discretion.

“Related Supplement” means an indenture supplemental to, and authorized and executed pursuant to the terms of, this Master Indenture.

“Required Payment” means any payment required to be made by Green Bank under this Master Indenture, any Related Supplement or any Obligation, including (i) any payment of principal or interest, whether regularly scheduled or due at maturity, by acceleration, upon proceeding for redemption or otherwise, (ii) any payment made from any Fund or Account herein to a trustee under a Related Bond Indenture, (iii) net scheduled and partial or full early termination

or unwind payments due under any Financial Products Agreement, and (iv) the purchase price of Related Obligations tendered or deemed tendered for purchase pursuant to the terms of a Related Bond Indenture.

“Responsible Officer” means, with respect to the Master Trustee, any person who at the time and from time to time may be designated, by written certificate, as a person authorized to act on behalf of the Master Trustee. Such certificate shall contain the specimen signature of such person(s) and shall be signed on behalf of the Master Trustee by any officer of the Master Trustee and may designate an alternate or alternates.

“Revenue Fund” means the fund by that name established pursuant to Sections 4.02 and 4.03 hereof.

“Revenues” means all revenues, income, receipts and money received by Green Bank from all lawfully available sources, including (a) the assessed charge to each end use customer of electric services in the State as authorized by the Act, as the same may be amended from time to time; (b) the regional greenhouse gas initiative revenues authorized by Section 22a-200c of the Connecticut General Statutes, as the same may be amended from time to time; (c) Loans, and any investment earnings thereon; (d) gifts, grants, bequests, donations and contributions, including Contributions, exclusive of any gifts, grants, bequests, donations, and contributions, including Contributions, to the extent specifically restricted by the donor or Donor thereof to a particular purpose inconsistent with their use for the payment of Required Payments; and (e) investment earnings on and other income from amounts held in any Fund or Account established herein, except earnings on and income from amounts held in the Accounts within the Program Fund; provided, however, that Revenues shall not include (1) revenues from a project or projects pledged under a Related Bond Indenture; (2) revenues, and all funds and accounts, pledged by Green Bank under the Prior Bond Indentures and the Prior Lease/Purchase Agreement; (3) income derived from Defeasance Obligations that are irrevocably deposited in escrow to pay the principal of or interest on any defeased Obligations; (4) any gains or losses resulting from the sale, exchange or other disposition of property not in the ordinary course of business, or the reappraisal, reevaluation or write-up of assets, or any other extraordinary gains or losses; (5) net unrealized gain (losses) on investments and Financial Products Agreements; (6) proceeds of borrowings, and (6) net amounts received in connection with the termination or unwinding of Financial Products Agreements.

“S&P” means S&P Global Ratings, its successors and assigns, or, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, any other nationally recognized securities rating agency designated by Green Bank.

“Short-Term Indebtedness” means all Indebtedness having an original maturity less than or equal to one year and not renewable at the option of Green Bank for a term greater than one year from the date of original incurrence or issuance unless, by the terms of such Indebtedness, no Indebtedness is permitted to be outstanding thereunder for a period of at least twenty (20) consecutive days during each Fiscal Year.

“SHREC Program Subaccount” means the subaccount by that name established pursuant to Sections 4.02 and 4.08 hereof.

“SHREC Program Expenditures” means the anticipated incentive payments payable by Green Bank under its Solar Home Renewable Energy Credit program, plus payments for administrative, operating and financing costs related thereto.

“State” means the State of Connecticut.

“Subaccount” means one of the subaccounts created and established pursuant to this Master Indenture.

“Subordinated Indebtedness” means any Indebtedness that is subordinate in priority of payment, and secured on a junior basis, to any Obligation, and the provisions with respect to which are set forth in a Related Supplement or other documentation provided with an Officer’s Certificate.

“Subordinated Indebtedness Fund” means the fund by that name established pursuant to Sections 4.02 and 4.10 hereof.

“Sufficiency Certificate” means, with respect to a proposed action requiring the delivery of the same to the Master Trustee, a Certificate of an Authorized Representative of Green Bank stating that, after giving effect to such action the Projected Debt Service Coverage Ratio will not be less than the ratio determined under the terms of the Obligation or Series of Obligations.

“Variable Rate Indebtedness” means Indebtedness the interest on which is payable pursuant to a variable interest rate formula or other determination method rather than at a fixed rate of interest per annum to maturity.

#### Section 1.02 Interpretation.

(a) Any reference herein to any officer of Green Bank shall include those succeeding to his or her functions, duties or responsibilities pursuant to or by operation of law or who are lawfully performing his or her functions.

(b) Unless the context otherwise indicates, words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. The singular shall include the plural and vice versa.

(c) All accounting terms not specifically defined herein shall be construed in accordance with generally accepted accounting principles consistently applied, except as otherwise stated herein. If any change in accounting principles from those used in the preparation of the financial statements of Green Bank results from the promulgation of rules, regulations, pronouncements and opinions by or required by the Governmental Accounting Standards Board, American Institute of Certified Public Accountants, or other authoritative bodies that determine generally accepted accounting principles (or successors thereto or agencies with similar functions) and such change results in a change in the accounting terms used in this Master Indenture, the accounting terms used herein shall be modified to reflect such change in accounting principles so that the criteria for evaluating Green Bank’s financial condition shall be the same after such change as if such change had not been made. Any such modification shall be described in an Officer’s Certificate filed with the Master Trustee, which shall contain a certification to the effect that (i)



such modifications are occasioned by such a change in accounting principles and (ii) such modifications will not have a material adverse effect on Green Bank's financial condition.

(d) Headings of Articles and Sections herein and the table of contents hereto are solely for convenience of reference, and do not constitute a part hereof and shall not affect the meaning, construction or effect hereof.

Section 1.03 References to Master Indenture. The terms "hereby," "hereof," "hereto," "herein," "hereunder," and any similar terms, used in this Master Indenture refer to this Master Indenture.

Section 1.04 Contents of Certificates and Opinions. Every Certificate or opinion provided for herein by Green Bank with respect to compliance with any provision hereof shall include: (i) a statement that the Person making or giving such certificate or opinion has read such provision and the definitions herein relating thereto; (ii) a brief statement as to the nature and the scope of the examination or investigation upon which the certificate or opinion is based; (iii) a statement that, in the opinion of such Person, he or she has made, or caused to be made, such examination or investigation as is necessary to enable him or her to express an informed opinion with respect to the subject matter referred to in the instrument to which his or her signature is affixed; and (iv) a statement as to whether, in the opinion of such Person, such provision has been complied with.

Any such Certificate or opinion made or given by an officer of Green Bank or the Master Trustee may be based, insofar as it relates to legal, accounting or clean energy matters, upon a Certificate or opinion or representation of counsel, an Accountant or Independent Consultant unless such officer knows, or in the exercise of reasonable care should have known, that the Certificate, opinion or representation with respect to the matters upon which such Certificate or opinion may be based, as aforesaid, is erroneous. Any such Certificate, opinion or representation made or given by counsel, an Accountant, or an Independent Consultant, may be based, insofar as it relates to factual matters (with respect to which information is in the possession of Green Bank), upon the Certificate or opinion of, or representation by an officer of Green Bank unless such counsel, Accountant or Independent Consultant knows, or in the exercise or reasonable care should have known, that the Certificate, opinion of or representation by such officer, with respect to the factual matters upon which such Person's Certificate or opinion may be based, as aforesaid, is erroneous. The same officer of Green Bank or the same counsel or Accountant or Independent Consultant, as the case may be, need not certify as to all the matters required to be certified under any provision hereof, but different officers, counsel, Accountants or Independent Consultants may certify as to different matters, respectively.

## ARTICLE II

### **AUTHORIZATION, ISSUANCE AND FORM OF OBLIGATIONS**

Section 2.01 Authorization of Obligations. (a) Green Bank hereby authorizes to be issued from time to time Obligations or Series of Obligations, without limitation as to amount, except as provided herein or as may be limited by law, and subject to the terms, conditions and limitations established herein and in any Related Supplement.

(b) The Obligations issued hereunder shall be special, limited obligations of Green Bank payable solely out of the Revenues and other receipts, funds and moneys pledged therefor pursuant to this Master Indenture and are secured by the liens created hereby, including the Trust Estate. The Obligations are not general obligations of Green Bank or the State. The Obligations shall not be deemed to constitute a debt or liability of the State or of any political subdivision thereof, or a pledge of the full faith and credit of the State or any of its political subdivisions, but shall be payable solely from the funds provided for such purposes by this Master Indenture. The Obligations shall not constitute indebtedness of the State within the meaning of any statutory or constitutional provision.

(c) Green Bank shall not be subject to any liability thereon except to the extent of Revenues or other receipts, funds and moneys pledged therefor pursuant to this Master Indenture; provided, however, that the foregoing shall in no way limit Green Bank's duties and obligations hereunder and any rights or remedies the Holder may have in respect of such duties and obligations. The issuance of Obligations pursuant hereto shall not directly or contingently obligate Green Bank to make any additional appropriation for their payment. The Obligations shall not constitute a charge, lien or encumbrance, legal or equitable, upon any property of Green Bank, other than Revenues or other receipts, funds or moneys pledged therefor as provided in this Master Indenture.

(d) The Obligations issued hereunder shall contain on the face thereof a statement to the effect that neither the State of Connecticut nor any political subdivision thereof shall be obligated to pay the same or the interest thereon except, in the case of Green Bank, from the Revenues or the other revenues thereof for which such Obligations are issued, and that neither the full faith and credit nor the taxing power of the State of Connecticut or of any political subdivision thereof is pledged to the payment of the principal of or the interest on such Obligations. The issuance of the Obligations under the provisions of this Section shall not directly, indirectly or contingently obligate the State or any political subdivision thereof to levy or to pledge any form of taxation or to make any appropriation for the payment of such Obligations.

#### Section 2.02 Authorization for Issuance of Obligations in Series.

(a) From time to time when authorized by this Master Indenture and subject to the terms, conditions and limitations established in this Master Indenture, Green Bank may authorize the issuance of an Obligation or a Series of Obligations by entering into a Related Supplement. The Obligation or the Obligations of any such Series shall be issued and delivered to the Master Trustee for authentication upon compliance with the provisions hereof and of any Related Supplement.

(b) Each Related Supplement or Related Bond Indenture authorizing the issuance of an Obligation or a Series of Obligations shall specify and determine the Principal Amount of such Obligation or Series of Obligations, the purposes for which such Obligation or Series of Obligations are being issued, the form, title, designation, and the manner of numbering or denominations, if applicable, of such Obligations, the date or dates of maturity or other final expiration of the term of such Obligations, the date of issuance of such Obligations, and any other provisions deemed advisable or necessary by Green Bank.

Section 2.03 Execution and Authentication of Obligations.

(a) All Obligations shall be executed by the Authorized Representative of Green Bank as provided in the Related Supplement or Related Bond Indenture authorizing such Obligation. The signature of such officer may be mechanically or photographically reproduced on the Obligations. If any officer whose signature appears on any Obligation ceases to be such officer before delivery thereof, such signature shall remain valid and sufficient for all purposes as if such officer had remained in office until such delivery. Each Obligation shall be manually authenticated by a Responsible Officer of the Master Trustee, without which authentication no Obligation shall be entitled to the benefits hereof.

(b) The form of Certificate of Authentication to be printed on each Obligation and manually executed by a Responsible Officer of the Master Trustee shall be as follows:

[FORM OF MASTER TRUSTEE'S CERTIFICATE OF AUTHENTICATION]

The undersigned Master Trustee hereby certifies that this Obligation No. \_\_\_\_ is one of the Obligations described in the within-mentioned Master Indenture.

Dated: \_\_\_\_\_, \_\_\_\_\_,  
as Master Trustee

By \_\_\_\_\_  
Responsible Officer

Section 2.04 Conditions to the Issuance of Obligations. The issuance, authentication and delivery of any Obligation or Series of Obligations under a Related Supplement shall be subject to the following specific conditions:

(a) Green Bank and the Master Trustee shall have entered into a Related Supplement providing for the terms and conditions of such Obligation and the repayment thereof.

(b) The Master Trustee shall have received an Officer's Certificate to the effect that Green Bank shall be in full compliance with all warranties, covenants and agreements set forth in this Master Indenture and in any Related Supplement.

(c) The Master Trustee shall have received an Officer's Certificate to the effect that neither an Event of Default nor any event which with the passage of time or the giving of notice or both would become an Event of Default has occurred and is then outstanding or would occur upon issuance of such Obligation or is continuing under this Master Indenture or any Related Supplement.

(d) The Master Trustee shall have received an Officer's Certificate to the effect that all requirements and conditions to the issuance of such Obligation set forth herein and in the Related Supplement shall have been complied with and satisfied.

(e) The Master Trustee shall have received an Opinion of Counsel to the effect that: (i) such Obligation and Related Supplement have been duly authorized, executed and delivered by Green Bank and constitute valid and binding obligations of Green Bank, enforceable in accordance with their terms; and (ii) such Obligation is not subject to registration under the Securities Act of 1933, as amended, and such Related Supplement is not subject to registration under the Trust Indenture Act of 1939, as amended (or that such registration, if required, has occurred).

(f) The Master Trustee shall have received a Sufficiency Certificate.

### **ARTICLE III**

#### **GREEN BANK PROGRAMS FUND**

##### **Section 3.01 Green Bank Programs Fund.**

(a) The Master Trustee shall establish, maintain and hold in trust a separate fund designated as the Program Fund, and within said fund separate accounts designated as the Contribution Account, the Loan Account and the Reimbursement Account, and any other separate accounts as directed by Green Bank from time to time. The Master Trustee shall administer said fund and accounts as set forth in this Section 3.01.

(b) All amounts at any time deposited in the Program Fund or any account therein shall be held by the Master Trustee in trust for the benefit of the applicable Donor Program or Green Bank Program.

(c) The Master Trustee shall deposit into the Contribution Account of the Program Fund, as and when such amounts are received, (i) all Contributions, (ii) all amounts delivered by or at the direction of Green Bank to the Master Trustee for deposit therein, and (iii) any other amounts required to be deposited therein pursuant to this Master Indenture and any Related Supplement.

(d) The Master Trustee shall deposit into the Loan Account of the Program Fund, as and when such amounts are received, (i) all Loans, (ii) all amounts delivered by or at the direction of Green Bank to the Master Trustee for deposit therein, and (iii) any other amounts required to be deposited therein pursuant to this Master Indenture and any Related Supplement.

(e) The Master Trustee shall deposit into the Reimbursement Account of the Program Fund, as and when such amounts are received, (i) all Bond Proceeds delivered by or at the direction of Green Bank to the Master Trustee for deposit therein and (ii) any other amounts required to be deposited therein pursuant to this Master Indenture and any Related Supplement.

(f) Investment earnings on amounts on deposit in any account within the Program Fund shall be retained in such account.

(g) At the written direction of Green Bank, the Master Trustee shall transfer from the account within the Program Fund set forth in such written direction the amount set forth in such written direction (i) to the Debt Service Reserve Fund, (ii) with respect to amounts allocable to a Contribution or a Loan, to the Person or Persons set forth in such written direction for any other

purpose permitted under the agreement governing such Contribution or Loan and set forth in such written direction, or (iii) from the Reimbursement Account only, to the Revenue Fund, to make Required Payments as such payments become due (whether by maturity, redemption, acceleration or otherwise), and, if such amounts shall not be sufficient to pay in full all such payments due on any date, then to the payment of Required Payments ratably without any discrimination or preference.

## ARTICLE IV

### **PLEDGE; ESTABLISHMENT OF FUNDS AND ACCOUNTS; INVESTMENTS**

Section 4.01 Pledge. Pursuant to the Granting Clauses set forth herein, Green Bank has pledged the Trust Estate as security for the payment of the Obligations and the performance of any other obligation of Green Bank under this Master Indenture, in accordance with the terms and the provisions of this Master Indenture, subject only to the provisions of this Master Indenture permitting the application thereof for or to the purposes and on the terms and conditions herein set forth. As provided in the Act: this pledge shall be valid and binding from the time when the pledge is made; the lien of this pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against Green Bank, irrespective of whether the parties have notice of the claims; notwithstanding any provision of the Uniform Commercial Code, no instrument by which such pledge is created need be recorded or filed except in the records of Green Bank; any revenues, contract or proceeds of any contract, or other property, revenues, moneys or funds so pledged and thereafter received by Green Bank shall be subject immediately to the lien of the pledge without any physical delivery thereof or further act, and such lien shall have priority over all other liens.

#### Section 4.02 Establishment of Funds and Accounts.

(a) The following Funds and Accounts are hereby established:

- (1) Revenue Fund
  - (a) Operating Account
- (2) Debt Service Reserve Fund
- (3) Deficiency Mitigation Fund
- (4) Loan Repayment Fund
- (5) Subordinated Indebtedness Fund
- (6) Bond Stabilization and Improvement Fund
- (7) Impact Investment Fund
- (8) Economic and Energy Security Fund

(a) Program Account

(i) SHREC Program Subaccount

(b) In addition to the Funds and Accounts established in subsection (a) above, the Master Trustee shall, at the written request of Green Bank, establish additional Funds as shall be designated in the written instructions of an Authorized Representative of Green Bank and shall in like manner establish within any Fund such Accounts, and within any Account such subaccounts for the purposes of such Funds or Accounts as shall be so designated.

(c) Unless otherwise expressly provided in this Master Indenture, all of the Funds and Accounts, except the Operating Account, shall be held by the Master Trustee. The Master Trustee may, with the prior written approval of Green Bank, engage a collection agent to receive, administer and transfer to the Master Trustee any of the Revenues for deposit into the Revenue Fund. The Operating Account shall be held by Green Bank.

Section 4.03 Revenue Fund.

(a) The Master Trustee shall establish, maintain and hold in trust a separate Fund designated as the “Revenue Fund,” and within said fund one or more separate Accounts as directed by Green Bank from time to time, and administer said Fund and such Accounts as set forth in this Section 4.03. The Master Trustee shall deposit into the Revenue Fund, as and when such amounts are received, (i) all Revenues, (ii) all amounts delivered by or at the direction of Green Bank to the Master Trustee for deposit therein, and (iii) any other amounts required to be deposited therein pursuant to this Master Indenture and any Related Supplement.

(b) The Master Trustee shall use and withdraw amounts in the Revenue Fund from time to time and apply such amounts on the second Business Day immediately preceding the first day of each calendar month, as follows:

FIRST: to the Master Trustee’s unpaid fees, charges and expenses;

SECOND: to the Operating Account, the amount certified by Green Bank as necessary to provide for (taking into account amounts on deposit therein and expenses incurred and unpaid for the current month) the payment of the next two (2) succeeding months’ Operating Expenses;

THIRD: at the written direction of Green Bank provided to the Master Trustee no later than the third Business Day immediately preceding the first day of a calendar month (a “Distribution Direction”), to the Person or Persons set forth in such written direction for the purpose of paying any Administrative Fees set forth in such written direction;

FOURTH: at the written direction of Green Bank provided to the Master Trustee no later than the third Business Day immediately preceding the first day of a calendar month, to the SHREC Program Subaccount within the Economic and Energy Security Fund, the amount set forth in such written direction for the purpose of funding the SHREC Program Expenditures set forth in such written direction;

FIFTH: to the Debt Service Reserve Fund, (a) the greater of (i) the amount designated for deposit thereto in a written direction of Green Bank, and (ii) the aggregate amount of each prior withdrawal from the Debt Service Reserve Fund for the purpose of making up a deficiency in said fund (until deposits on account of such withdrawals are sufficient to fully restore the amount withdrawn), provided that no deposit need be made into the Debt Service Reserve Fund if the balance in said fund is at least equal to the Debt Service Reserve Fund Requirement, and (b) in the event the balance in the Debt Service Reserve Fund shall be less than the Debt Service Reserve Fund Requirement due to the valuation of the Permitted Investments deposited therein in accordance with Section 4.04(d), the amount necessary to increase the balance in said fund to an amount at least equal to the Debt Service Reserve Fund Requirement (until deposits on account of such valuation deficiency are sufficient to increase the balance in said fund to said amount);

SIXTH: to the Deficiency Mitigation Fund, the greater of (i) the amount designated for deposit thereto in a written direction of Green Bank pursuant to notice from a trustee under a Related Supplement that there exists a deficiency in a debt service fund within the Related Indenture, and (ii) the aggregate amount of each prior withdrawal from the Deficiency Mitigation Fund for the purpose of making up a deficiency in said fund (until deposits on account of such withdrawals are sufficient to fully restore the amount withdrawn), provided that no deposit need be made into the Deficiency Mitigation Fund if the balance in said fund is at least equal to the Deficiency Mitigation Fund Requirement;

SEVENTH: to the Bond Stabilization and Improvement Fund, the amount designated for deposit thereto in a written direction of Green Bank;

EIGHTH: to the Impact Investment Fund, the amount designated for deposit thereto in a written direction of Green Bank; and

NINTH: to the Economic and Energy Security Fund, the balance (if any).

Section 4.04 Debt Service Reserve Fund.

(a) The Master Trustee shall establish, maintain and hold in trust a separate Fund designated as the “Debt Service Reserve Fund,” and within said Fund one or more separate Accounts as directed by Green Bank from time to time, and administer said Fund and any such Accounts as set forth in this Section 4.04.

(b) The Master Trustee shall deposit into the Debt Service Reserve Fund, as and when such amounts are received, (i) all amounts delivered by or at the direction of Green Bank to the Master Trustee for deposit therein, and (ii) any other amounts required to be deposited therein pursuant to this Master Indenture and any Related Supplement.

(c) Investment earnings on amounts on deposit in the Debt Service Reserve Fund shall be retained therein.

(d) Amounts on deposit in the Debt Service Reserve Fund shall be valued by the Master Trustee at their fair market value on the last Business Day of any month that a payment is made from the Debt Service Reserve Fund during such month, and the Master Trustee shall notify Green Bank of the results of such valuation. If the amount on deposit in the Debt Service Reserve Fund



on the first Business Day following such valuation is less than 100% of the Debt Service Reserve Fund Requirement, then the Master Trustee shall make the transfer to the Debt Service Reserve Fund required by Section 4.03(b). If the amount on deposit in the Debt Service Reserve Fund on the first Business Day following such valuation is greater than the Debt Service Reserve Fund Requirement, any such excess may be transferred to the Revenue Fund at the direction of Green Bank.

(e) All amounts in the Debt Service Reserve Fund shall be used and withdrawn by the Master Trustee solely for the purposes of making Required Payments as such payments become due (whether by maturity, redemption, acceleration or otherwise) on Obligations issued by Green Bank pursuant to a Related Supplement, ratably without any priority or preference. Green Bank shall provide written direction to the Master Trustee to withdraw and pay to the trustee under a Related Bond Indenture the amounts required from the Debt Service Reserve Fund to make the Required Payments, after taking into account any amounts withdrawn and paid to such trustee from the Deficiency Mitigation Fund as provided herein.

(f) Notwithstanding the foregoing, amounts in the Debt Service Reserve Fund shall be used and withdrawn by the Master Trustee, at the written direction of Green Bank, for the payment or redemption of Related Obligations identified in such written direction as necessary to maintain the tax-exempt status of Related Obligations in connection with the refunding of Related Obligations; provided however that any such use or withdrawal by the Master Trustee shall not, unless otherwise permitted by this Master Indenture, cause a reduction in the Debt Service Reserve Fund Requirement.

#### Section 4.05 Deficiency Mitigation Fund.

(a) The Master Trustee shall establish, maintain and hold in trust a separate Fund designated as the “Deficiency Mitigation Fund,” and within said Fund one or more separate Accounts as directed by Green Bank from time to time, and administer said Fund and such Accounts as set forth in this Section 4.05.

(b) The Master Trustee shall deposit into the Deficiency Mitigation Fund, as and when such amounts are received, (i) all amounts delivered by or at the direction of Green Bank to the Master Trustee for deposit therein, and (ii) any other amounts required to be deposited therein pursuant to this Master Indenture and any Related Supplement.

(c) Investment earnings on amounts on deposit in the Deficiency Mitigation Fund shall be retained therein.

(d) At the written direction of Green Bank, the Master Trustee shall transfer from the Deficiency Mitigation Fund the amount set forth in such written direction to the Person or Persons set forth in such written direction to make Required Payments as such payments become due (whether by maturity, redemption, acceleration or otherwise) on (i) Obligations issued by Green Bank pursuant to a Related Supplement and (ii) Related Obligations issued under a Related Bond Indenture, ratably without any priority or preference.

#### Section 4.06 Bond Stabilization and Improvement Fund.



(a) The Master Trustee shall establish, maintain and hold in trust a separate Fund designated as the “Bond Stabilization and Improvement Fund,” and within said Fund one or more separate Accounts as directed by Green Bank from time to time, and administer said Fund and any such Accounts as set forth in this Section 4.06.

(b) The Master Trustee shall deposit into the Bond Stabilization and Improvement Fund, as and when such amounts are received, (i) all amounts delivered by or at the direction of Green Bank to the Master Trustee for deposit therein, and (ii) any other amounts required to be deposited therein pursuant to this Master Indenture and any Related Supplement.

(c) Investment earnings on amounts on deposit in the Bond Rating Stabilization and Improvement Fund shall be retained therein.

(d) At the written direction of Green Bank, the Master Trustee shall transfer from the Bond Stabilization Fund the amount set forth in such written direction (i) to the Deficiency Mitigation Fund the amount required to satisfy any Deficiency Mitigation Fund Requirement, or (ii) to the Impact Investment Fund. On the second Business Day immediately preceding the first day of each calendar month, the Master Trustee shall withdraw from the Bond Stabilization and Improvement Fund and transfer to the Revenue Fund an amount equal to the difference between the amount on deposit in the Revenue Fund and the amount of all payments to be made therefrom described in Section 4.03(b) coming due during such calendar month; provided that the Master Trustee shall transfer such additional amounts to the Revenue Fund as indicated pursuant to the written direction of Green Bank.

#### Section 4.07 Impact Investment Fund.

(a) The Master Trustee shall establish, maintain and hold in trust a separate Fund designated as the “Impact Investment Fund,” and within said Fund one or more separate Accounts as directed by Green Bank from time to time, and administer said Fund and such Accounts as set forth in this Section 4.07.

(b) The Master Trustee shall deposit into the Impact Investment Fund, as and when such amounts are received, (i) all amounts delivered by or at the direction of Green Bank to the Master Trustee for deposit therein, and (ii) any other amounts required to be deposited therein pursuant to this Master Indenture and any Related Supplement.

(c) Investment earnings on amounts on deposit in the Impact Investment Fund shall be retained therein.

(d) At the written direction of Green Bank, the Master Trustee shall transfer from the Impact Investment Fund the amount set forth in such written direction (i) to the Deficiency Mitigation Fund the amount required to satisfy any Deficiency Mitigation Fund Requirement, (ii) to the Person or Persons set forth in such written direction for the purpose of funding all or a portion of a Green Bank program funding commitment, or (iii) to the Revenue Fund an amount equal to the difference between the amount on deposit in the Revenue Fund and the amount of all payments to be made therefrom described in Section 4.03(d) coming due during such calendar month, after the applicable transfers to the Revenue Fund required pursuant to Section 4.06(d) has

been made; provided that the Master Trustee shall transfer such additional amounts to the Revenue Fund as indicated pursuant to the written direction of Green Bank.

#### Section 4.08 Economic and Energy Security Fund.

(a) The Master Trustee shall establish, maintain and hold in trust a separate Fund designated as the “Economic and Energy Security Fund,” and within said Fund the Program Account and the SHREC Program Subaccount, and one or more separate Accounts and Subaccounts as directed by Green Bank from time to time, and administer said Fund, Accounts and Subaccounts as set forth in this Section 4.08.

(b) The Master Trustee shall (i) deposit into the SHREC Program Subaccount the amount set forth in such written direction for the purpose of funding the SHREC Program Expenditures as provided in Section 4.03(b) hereof, and (ii) pay from the SHREC Program Subaccount to the Person or Persons the amounts set forth in the written direction of Green Bank provided to the Master Trustee, for the purpose of paying the SHREC Program Expenditures set forth in such written direction.

(c) Other than as provided in subsection (b) hereof related to the SHREC Program Subaccount, the Master Trustee shall deposit into the Accounts and Subaccounts established by Green Bank from time to time within the Economic and Energy Security Fund, as and when such amounts are received, (i) all amounts delivered by or at the direction of Green Bank to the Master Trustee for deposit therein, and (ii) any other amounts required to be deposited therein pursuant to this Master Indenture and any Related Supplement.

(d) Investment earnings on amounts on deposit in the Economic and Energy Security Fund shall be retained therein.

(e) Other than as provided in subsection (b) hereof related to the SHREC Program Subaccount, on the second Business Day immediately preceding the first day of each calendar month, to the extent there are insufficient funds on deposit in the Bond Stabilization and Improvement Fund to make any transfer required pursuant to Section 4.06(d)(i) hereof, or to the extent there are insufficient funds on deposit in the Impact Investment Fund to make any transfer required pursuant to Section 4.07(d)(i) hereof, the Master Trustee shall withdraw from the Economic and Energy Security Fund and transfer to the Deficiency Mitigation Fund the amount required to satisfy any Deficiency Mitigation Fund Requirement, and thereafter to the Revenue Fund an amount equal to the difference between the amount required to be transferred to the Revenue Fund pursuant to Sections 4.06(d) and 4.07(d) hereof and the amount, if any, actually transferred to the Revenue Fund pursuant to Sections 4.06(d) and 4.07(d).

(f) Other than as provided in subsection (b) hereof related to the SHREC Program Subaccount, at the written direction of Green Bank, the Master Trustee shall transfer from the Economic and Energy Security Fund the amount set forth in such written direction (i) to the Fund or Account hereunder, including the Impact Investment Fund, set forth in such written direction, or (ii) to Green Bank free and clear of the lien of this Master Indenture to be used for any lawful and proper corporate purposes of Green Bank.

#### Section 4.09 Loan Repayment Fund.

(a) The Master Trustee shall establish, maintain and hold in trust a separate Fund designated as the “Loan Repayment Fund,” and within said Fund one or more separate Accounts as directed by Green Bank from time to time, and administer said Fund and such Accounts as set forth in this Section 4.09.

(b) The Master Trustee shall deposit into the Loan Repayment Fund, as and when such amounts are received, (i) all amounts delivered by or at the direction of Green Bank to the Master Trustee for deposit therein, and (ii) any other amounts required to be deposited therein pursuant to this Master Indenture and any Related Supplement.

(c) Investment earnings on amounts on deposit in the Loan Repayment Fund shall be retained therein.

(d) At the written direction of Green Bank, the Master Trustee shall transfer from the Loan Repayment Fund the amount set forth in such written direction (i) to the Person or Persons set forth in such written direction for the purpose of paying the principal of or interest on any Loan or Loans, or (ii) to the Revenue Fund.

#### Section 4.10 Subordinated Indebtedness Fund

(a) The Master Trustee shall establish, maintain and hold in trust a separate Fund designated as the “Subordinated Indebtedness Fund,” and within said Fund one or more separate Accounts as directed by Green Bank from time to time, and administer said Fund and such Accounts as set forth in this Section 4.10.

(b) The Master Trustee shall deposit into the Subordinated Indebtedness Fund, as and when such amounts are received, (i) all amounts delivered by or at the direction of Green Bank to the Master Trustee for deposit therein, (ii) all amounts delivered for a Donor Program to the Master Trustee for deposit therein, and (iii) any other amounts required to be deposited therein pursuant to this Master Indenture and any Related Supplement.

(c) Investment earnings on amounts on deposit in the Subordinated Indebtedness Fund shall be retained therein.

(d) At the written direction of Green Bank, the Master Trustee shall transfer from the Subordinate Indebtedness Fund the amount set forth in such written direction for loans to the Person or Persons set forth in such written direction for any other purpose permitted under the agreement governing such loans.

#### Section 4.11 Investment of Moneys.

(a) Except as otherwise provided in a Related Supplement, all moneys in any of the funds, accounts and subaccounts established pursuant to this Master Indenture and held by the Master Trustee shall be invested by the Master Trustee at the written direction of Green Bank solely in Permitted Investments maturing not later than the date on which such moneys will be required for the purposes specified in this Master Indenture. Permitted Investments purchased under any investment agreement may be deemed to mature on the date or dates on which the Master Trustee may redeem such Permitted Investments under such agreement.

(b) The Master Trustee may sell at the best price obtainable, or present for redemption, any Permitted Investments so purchased whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund or account to which such Investment Security is credited, and, subject to the provisions of this Master Indenture, the Master Trustee shall not be liable or responsible for any loss resulting from any investment made in accordance with provisions of this Master Indenture.

(c) Any Permitted Investments that are registrable securities shall be registered in the name of the Master Trustee.

(d) If the Master Trustee has not received written investment directions from Green Bank with respect to any moneys, such moneys shall be deposited in the Master Trustee's money market deposit account, provided that such qualifies as a Permitted Investment. All income earned on investments of moneys in the funds and accounts shall be treated as income of Green Bank for federal income tax purposes.

## **ARTICLE V**

### **REPRESENTATIONS AND COVENANTS OF GREEN BANK**

Green Bank represents, covenants and agrees with the Master Trustee and the Holders of the Obligations as follows:

Section 5.01 Payment of Obligations. Green Bank shall duly and punctually pay or cause to be paid, solely from the Trust Estate pledged hereunder for such payments, the Required Payments or redemption price of every Obligation, at the dates and places and in the manner stated in the Obligations.

Section 5.02 Offices for Servicing Obligations. Green Bank shall at all times maintain an office or agency where Obligations may be presented for registration, transfer or exchange, and where notices, presentations and demands upon Green Bank in respect of the Obligations or of this Master Indenture may be served. Green Bank hereby appoints the Master Trustee as its agent to maintain such office or agency for the registration, transfer or exchange of Obligations and for the service of such notices, presentations and demands upon Green Bank.

Section 5.03 Further Assurance. At any and all times, Green Bank shall, so far as each may be authorized by law, pass, make, do, execute, acknowledge and deliver, all and every such further resolutions, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable for the better assuring, conveying, granting, pledging, assigning and confirming all and singular, the rights, assets, revenues and other moneys, securities, funds and property hereby pledged or assigned, or intended so to be, or which Green Bank, may become bound to pledge or assign.

Section 5.04 Power to Issue Obligations and Pledge Revenues. Green Bank is duly authorized under the Act and all applicable laws to authorize and issue and deliver the Obligations and the Related Obligations. Green Bank is duly authorized to execute and enter into this Master Indenture and any Related Bond Indenture and to pledge the Revenues and assets purported to be pledged and assigned hereby and thereby in the manner and to the extent herein and therein

provided. To the extent permitted under this Master Indenture, the Revenues and assets so pledged and assigned are and will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge created hereby and all corporate or other action on the part of Green Bank to that end has been and will be duly and validly taken; provided however that Green Bank shall have the right to pledge any such Revenues hereunder pursuant to any Related Bond Indenture . The Obligations and Related Obligations are and will be the valid and legally enforceable obligations of Green Bank in accordance with their terms and the terms of this Master Indenture and Related Bond Indenture. Green Bank shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of the Revenues and other assets, including rights herein pledged and assigned under this Master Indenture and all the rights of the Holders under this Master Indenture against all claims and demands against the Trust Estate of all persons whomsoever, except for any such Revenues pledged pursuant to any Related Bond Indenture. Green Bank shall not take any action or permit any action to be taken (unless taken by the State) to dissolve Green Bank.

#### Section 5.05 Tax Covenants.

(a) Green Bank shall not permit at any time or times any of the proceeds of the Obligations the interest on which is excluded from gross income for federal income tax purposes under Section 103 of the Code, or any other funds of Green Bank to be used directly or indirectly to acquire any securities or obligations the acquisition of which would cause any Obligation to be an "arbitrage bond" as defined in Section 148 of the Code.

(b) Green Bank shall not permit at any time or times any proceeds of the Obligations the interest on which is excluded from gross income for federal income tax purposes under Section 103 of the Code, or any other funds of Green Bank to be used, directly or indirectly, in a manner which would result in the loss of the exemption of interest from gross income of the Holders thereof.

Section 5.06 Accounts and Periodical Reports and Certificates. Green Bank shall keep or cause to be kept proper books of record and account (separate from all other records and accounts) in which complete and correct entries shall be made of its transactions under this Master Indenture and which, together with all other books and papers of Green Bank, shall at all reasonable times and at the expense of Green Bank, be subject to the inspection of the Master Trustee, the State or the representative, duly authorized in writing, of the Holder or Holders of not less than a majority in Principal Amount of the Obligations then Outstanding.

Section 5.07 Indebtedness and Liens. Green Bank shall not issue any obligations, notes or other evidences of indebtedness, other than the Obligations and the Related Obligations, secured by a pledge of or other lien or charge on the Revenues and shall not create or cause to be created any lien or charge on such Revenues or on any amounts held by the Master Trustee under this Master Indenture, except for any lien or charge on the Revenues or any amounts held by the trustee under a Related Bond Indenture, and except for amounts held in the Accounts within the Program Fund herein; but this Section shall not prevent Green Bank from issuing notes payable from the proceeds of Obligations or notes or other obligations for the corporate purposes of Green Bank payable out of, or secured by a pledge of, Revenues to be derived on and after such date if the

pledge of the Revenues provided in this Master Indenture shall be discharged and satisfied as provided in Article IX.

Section 5.08 General. Green Bank shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of them under the provisions of the Act and this Master Indenture in accordance with the terms of such provisions.

Section 5.09 Agreement of Green Bank. Green Bank agrees that it will not in any way impair the rights and remedies of Holders until the Obligations, together with the interest thereon, and all costs and expenses in connection with any action or proceeding by or on behalf of such holders, are fully met and discharged.

Section 5.10 State Not to Impair Obligations of Green Bank. Pursuant to the Act, the State has pledged to and agreed with the Holders of Obligations issued under this Master Indenture pursuant to the Act, and with those parties who may enter into contracts with Green Bank or its successor agency pursuant to the Act, that the State will not limit or alter the rights vested in Green Bank until such Obligations, together with the interest thereon, are fully met and discharged and such contracts are fully performed on the part of Green Bank, provided nothing contained in this Section shall preclude such limitation or alteration if and when adequate provisions shall be made by law for the protection of the Holders described in this Section or those entering into such contracts with Green Bank.

Section 5.11 Payment of Revenues Upon Event of Default. Green Bank agrees that, upon the occurrence and continuation of an Event of Default pursuant to Section 7.01 hereof, it shall direct all Persons paying Revenues to Green Bank to make such payments directly to the Master Trustee in lieu of making such payments to Green Bank.

## ARTICLE VI

### SUPPLEMENTS AND AMENDMENTS

Section 6.01 Supplements Not Requiring Consent of Holders. Green Bank and the Master Trustee may, without the consent of any of the Holders, enter into one or more Related Supplements for one or more of the following purposes:

(a) To add to the covenants and agreements of Green Bank contained in this Master Indenture, other covenants and agreements thereafter to be observed for the protection of the Holders; or

(b) To confirm, as further assurance, any pledge under and the subjection to any lien on or pledge of the Revenues created or to be created by this Master Indenture; or

(c) To cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in this Master Indenture, unless such modification would result in a material reduction of the rights or interests of the Holders under this Master Indenture; or



(d) To grant to or confer on the Master Trustee for the benefit of the Holders any additional rights, remedies, powers, or security that Green Bank may lawfully grant or confer and which are not contrary to or inconsistent with this Master Indenture as theretofore in effect; or

(e) To create and provide for the issuance of an Obligation or Related Obligations pursuant to a Related Supplement or a Related Bond Indenture, and to pledge any Revenues hereunder pursuant to any Related Bond Indenture permitted hereunder; or

(f) To create any additional Funds, Accounts or Subaccounts hereunder; or

(g) To modify, alter, amend or supplement any provision of this Master Indenture if, prior to the execution of any such amendment there shall be delivered to the Master Trustee a Bond Counsel's Opinion to the effect that such amendment will not have a material adverse effect on the security, remedies or rights of the Holders.

#### Section 6.02 Supplements Requiring Consent of Holders.

(a) Other than Related Supplements referred to in Section 6.01 hereof, Green Bank and the Master Trustee may, with the consent of the Holders of not less than a majority in aggregate Principal Amount of the Obligations then Outstanding, and anything contained herein to the contrary notwithstanding, enter into one or more Related Supplements as Green Bank shall deem necessary and desirable for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained herein; provided, however, that nothing in this Section shall permit or be construed as permitting a Related Supplement which would:

(i) Extend the stated maturity of or time for paying interest on any Obligation or reduce the Principal Amount of or the redemption premium or rate of interest or method of calculating interest payable on any Obligation without the consent of the Holder of such Obligation;

(ii) Modify, alter, amend, add to or rescind any of the terms or provisions contained in Article V hereof so as to affect the right of the Holders of any Obligations in default as to payment of the principal of all Obligations due and payable; or

(iii) Reduce the aggregate Principal Amount of Obligations then Outstanding the consent of the Holders of which is required to authorize such Related Supplement without the consent of the Holders of all Obligations then Outstanding.

(b) If at any time Green Bank shall request the Master Trustee to enter into a Related Supplement pursuant to this Section, which request is accompanied by a copy of the resolution or other action of its Board of Directors certified by its secretary (or, if it has no secretary, its comparable officer) together with a copy of the proposed Related Supplement, and if the Master Trustee shall receive an instrument or instruments, which instruments may be in electronic format, purporting to be executed by the Holders of not less than the aggregate Principal Amount of the Obligations specified in subsection (a) for the Related Supplement in question, which instrument or instruments shall refer to the proposed Related Supplement and shall specifically consent to and

approve the execution thereof in substantially the form of the copy thereof as on file with the Master Trustee, the Master Trustee may execute such Related Supplement in substantially such form, without liability or responsibility to any Holder of any Obligation, whether or not such Holder shall have consented thereto.

(c) Any such consent shall be binding upon the Holder of the Obligation giving such consent and upon any subsequent Holder of such Obligation and of any Obligation issued in exchange therefor (whether or not such subsequent Holder thereof has notice thereof), unless such consent is revoked in writing by the Holder of such Obligation giving such consent or by a subsequent Holder thereof by filing with the Master Trustee, prior to the execution by the Master Trustee of such Related Supplement, such revocation and, if such Obligation or Obligations are transferable by delivery, proof that such Obligations are held by the signer of such revocation. At any time after the Holders of the required Principal Amount or number of Obligations shall have filed their consents to the Related Supplement, the Master Trustee shall make and file with Green Bank a written statement to that effect. Such written statement shall be conclusive that such consents have been so filed.

(d) If the Holders of the required Principal Amount of the Outstanding Obligations shall have consented to and approved the execution of such Related Supplement as herein provided, no Holder of any Obligation shall have any right to object to the execution thereof, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Master Trustee or Green Bank from executing the same or from taking any action pursuant to the provisions thereof.

#### Section 6.03 Execution and Effect of Supplements.

(a) In executing any Related Supplement permitted by this Article, the Master Trustee shall be entitled to receive and to rely upon an Opinion of Counsel stating that the execution of such Related Supplement is authorized or permitted hereby. The Master Trustee may but shall not be obligated to enter into any such Related Supplement which materially and adversely affects the Master Trustee's own rights, duties or immunities.

(b) Upon the execution and delivery of any Related Supplement in accordance with this Article, the provisions hereof shall be modified in accordance therewith and such Supplement shall form a part hereof for all purposes and every Holder of an Obligation theretofore or thereafter authenticated and delivered hereunder shall be bound thereby.

(c) Any Obligation authenticated and delivered after the execution and delivery of any Related Supplement in accordance with this Article may, and, if required by Green Bank or the Master Trustee shall, bear a notation in form approved by the Master Trustee as to any matter provided for in such Related Supplement. If Green Bank or the Master Trustee shall so determine, new Obligations so modified as to conform, as determined by the Master Trustee and Green Bank, to any such Related Supplement may be prepared and executed by Green Bank and authenticated and delivered by the Master Trustee in exchange for and upon surrender of Obligations then Outstanding.



(d) The Master Trustee shall give notice, by first class mail, to the Holders of all Obligations then Outstanding of the execution and delivery of any Related Supplement (other than a Related Supplement entered into for the purposes described in clause (e) of Section 6.01 hereof), setting forth the effective date of such Related Supplement and a summary of the terms thereof (or, in lieu of such a summary, by attaching the form of such Related Supplement to such notice).

Section 6.04 Amendment of Related Supplements. Any Related Supplement may provide that the provisions thereof may be amended without the consent of or notice to any of the Holders or pursuant to such terms and conditions as may be specified in such Related Supplement. If a Related Supplement does not contain provisions relating to the amendment thereof, amendment of such Related Supplement shall be governed by the provisions of Section 6.01 and Section 6.02 hereof.

## ARTICLE VII

### **DEFAULTS; REMEDIES ON DEFAULT**

Section 7.01 Events of Default. If one or more of the following events (in this Master Indenture called "Events of Default") shall occur:

(a) a failure to make due and punctual payment of any Required Payment or the redemption price of any Obligation when and as the same shall become due and payable, whether at maturity or upon call for redemption, or otherwise; or

(b) a failure by Green Bank in the performance or observance of any of its other covenants, agreements or conditions in this Master Indenture, including covenants or agreements contained in any Related Supplement or Obligation, and such default shall continue for a period of sixty (60) days after the giving of written notice thereof stating that such notice is a "Notice of Default" to Green Bank by the Master Trustee, or to Green Bank and to the Master Trustee by the Holders of not less than a majority in Principal Amount of the Obligations then Outstanding, except that, in each case, if such failure can be remedied but not within such 60-day period, such failure shall not become an Event of Default for so long as Green Bank shall commence such cure within such 60-day period and diligently proceeds to remedy the same within 180 days of the commencement of such cure.

Section 7.02 Remedies Upon Default.

(a) Upon the occurrence and continuance of any Event of Default, the Master Trustee may, and upon the written request of the Holders of not less than a majority in Principal Amount of the Obligations then Outstanding shall, subject to Section 7.06 hereof, proceed, in its own name, to protect and enforce the rights of the Holders by such of the following remedies, as the Master Trustee, being advised by counsel, shall deem most effectual to protect and enforce such rights:

(i) by mandamus or other suit, action or proceeding at law or in equity, to enforce all rights of the Holders, including the right to require Green Bank to receive and collect the Revenues adequate to carry out the covenants and agreements as to the pledge of such Revenues, and to require Green Bank to carry

out any other covenants or agreements with Holders and to perform its duties under the Act;

(ii) by bringing suit upon the Obligations;

(iii) by action or suit in equity, to require Green Bank to account as if it were the Master Trustee of an express trust for the Holders; and

(iv) by action or suit in equity, to enjoin any acts or things which may be unlawful or in violation of the rights of the Holders.

Section 7.03 Accounting and Examination of Records After Default. Green Bank covenants that if an Event of Default shall happen and shall not have been remedied, Green Bank will account, as if they were the Master Trustee of an express trust, for all Revenues and other moneys, securities and funds pledged or held under this Master Indenture for such period as shall be stated in such demand.

Section 7.04 Application of Revenues and Other Moneys After Default.

(a) Green Bank covenants that if an Event of Default shall occur and shall not have been remedied, Green Bank, upon demand of the Master Trustee, shall pay over or cause to be paid over to the Master Trustee forthwith, any moneys, securities and funds then held by Green Bank not already held in any Fund or Account established under this Master Indenture (other than the Operating Account within the Revenue Fund).

(b) During the continuance of an Event of Default, unless otherwise directed by the owners of a majority in Principal Amount of the Obligations at the time Outstanding, the Master Trustee shall apply such Revenues and the income therefrom as follows and in the following order:

(1) to the payment of the reasonable and proper charges and expenses of the Master Trustee and its counsel;

(2) to the payment of the Required Payments or redemption price then due on the Obligations, as follows:

(i) unless the Principal Amount of all of the Obligations shall be due and payable:

First: To the payment to the Persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the Persons entitled thereto, without any priority or preference; and

Second: To the payment to the Persons entitled thereto of the unpaid principal or redemption price of any Obligations which shall

have become due, whether at maturity or by call for redemption, in the order of their due dates, and, if the amount available shall not be sufficient to pay in full all the Obligations due on any date, then to the payment thereof ratably, according to the amounts of principal or redemption price due on such date, to the Persons entitled thereto, without any priority or preference.

(ii) If the principal of all of the Obligations shall be due and payable, to the payment of the principal and interest then due and unpaid upon the Obligations without priority or preference of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Obligation over any other Obligation, ratably, according to the amounts due respectively for principal, interest and net interest on notional amounts, to the Persons entitled thereto, without any priority or preference.

(c) If and when all overdue installments of interest on all Obligations, together with the reasonable and proper charges and expenses of the Master Trustee and its counsel, and all other sums payable by Green Bank under this Master Indenture, including the principal and redemption price of and accrued unpaid interest on all Obligations which shall then be payable by declaration or otherwise, shall either be paid by or for the account of Green Bank, and all defaults under this Master Indenture or the Obligations shall be made good or secured, the Master Trustee shall pay over to Green Bank all such Revenues then remaining unexpended in the hands of the Master Trustee (except Revenues deposited or pledged, or required by the terms of this Master Indenture to be deposited or pledged, with the Master Trustee), and thereupon Green Bank and the Master Trustee shall be restored, respectively, to their former positions and rights under this Master Indenture, and all Revenues shall thereafter be applied as provided in Article IV. No such payment over to Green Bank by the Master Trustee or resumption of the application of Revenues as provided in Article IV shall extend to or affect any subsequent default under this Master Indenture or impair any right consequent thereon.

#### Section 7.05 Proceedings Brought by Master Trustee.

(a) If an Event of Default shall occur and shall not have been remedied, then and in every such case, the Master Trustee, by its agents and attorneys, may proceed to protect and enforce its rights and the rights of the Holders of the Obligations under this Master Indenture forthwith by a suit or suits in equity or at law, whether for the specific performance of any covenant herein contained, or in aid of the execution of any power herein granted, or for an accounting against Green Bank as if it were the Master Trustee of an express trust, or in the enforcement of any other legal or equitable right as the Master Trustee, being advised by counsel, shall deem most effectual to enforce any of its rights or to perform any of its duties under this Indenture.

(b) All rights of action under this Master Indenture may be enforced by the Master Trustee without the possession of any of the Obligations or the production thereof at the trial or other proceedings, and any such suit or proceedings instituted by the Master Trustee shall be brought in its name.

(c) The Holders of a majority in Principal Amount of the Obligations at the time Outstanding may direct by instrument in writing the time, method and place of conducting any proceeding for any remedy available to the Master Trustee, or exercising any trust or power conferred upon the Master Trustee, provided that the Master Trustee shall have the right to decline to follow any such direction if the Master Trustee shall be advised by counsel that the action or proceeding so directed may not lawfully be taken, or if the Master Trustee in good faith shall determine that the action or proceeding so directed would subject the Master Trustee to personal liability or be unjustly prejudicial to the Holders not parties to such direction.

(d) Upon commencing a suit in equity or upon other commencement of judicial proceedings by the Master Trustee to enforce any right under this Master Indenture, the Master Trustee shall be entitled to exercise any and all rights and powers conferred in this Master Indenture and provided to be exercised by the Master Trustee upon the occurrence of an Event of Default; and, as a matter of right against Green Bank, without notice or demand and without regard to the adequacy of the security for the Obligations, the Master Trustee shall, to the extent permitted by law, be entitled to the appointment of a receiver of the moneys, securities and funds then held by Green Bank not already held in any Fund or Account established under this Master Indenture (other than the Operating Account within the Revenue Fund) and, subject to application of the Revenues, with all such powers as the court or courts making such appointment shall confer; but notwithstanding the appointment of any receiver, the Master Trustee shall be entitled to retain possession and control of and to collect and receive income from, any moneys, securities and funds deposited or pledged with it under this Master Indenture or agreed or provided to be delivered or pledged with it under this Master Indenture.

(e) Regardless of the happening of an Event of Default, the Master Trustee shall have the power to, but (unless requested in writing by the Holders of a majority in Principal Amount of the Obligations then Outstanding, and furnished with security and indemnity satisfactory to it) shall be under no obligation to, institute and maintain such suits and proceedings as it may be advised shall be necessary or expedient to prevent any impairment of the security under this Master Indenture by any acts which may be unlawful or in violation of this Master Indenture, and such suits and proceedings as the Master Trustee may be advised shall be necessary or expedient to preserve or protect its interests and the interests of the Holders.

#### Section 7.06 Restriction on Holders' Action.

(a) No Holder of any Obligation shall have any right to institute any suit, action or proceeding at law or in equity for the enforcement of any provision of this Master Indenture or the execution of any trust under this Master Indenture or for any remedy under this Master Indenture, unless such Holder shall have previously given to the Master Trustee written notice of the happening of an Event of Default, as provided in this Article, and the Holders of at least a majority in Principal Amount of the Obligations then Outstanding shall have filed a written request with the Master Trustee, and shall have offered it reasonable opportunity, either to exercise the powers granted in this Article or to institute such action, suit or proceeding in its own name, and unless such Holders shall have offered to the Master Trustee security and indemnity acceptable to the Master Trustee against the costs, expenses and liabilities to be incurred therein or thereby, and the Master Trustee shall have refused to comply with such request within a reasonable time; it being understood and intended that no one or more Holders of Obligations

shall have any right in any manner whatever by his/her/its, or their, action to affect, disturb or prejudice the pledge created by this Master Indenture, or to enforce any right under this Master Indenture, except in the manner herein provided; and that all proceedings at law or in equity to enforce any provision of this Master Indenture shall be instituted, had and maintained in the manner provided in this Master Indenture and for the equal benefit of all holders of the Obligations then Outstanding.

(b) Nothing in this Master Indenture or in the Obligations contained shall affect or impair the obligation of Green Bank, which is absolute and unconditional, to pay at the respective dates of maturity and places therein expressed the principal of and interest on the Obligations to the respective Holders thereof from the Trust Estate, or affect or impair the right of action, which is also absolute and unconditional, of any Holder to enforce such payment of an Obligation. Notwithstanding the preceding sentence and anything in this Master Indenture or in the Obligations to the contrary, Green Bank shall not be required to advance any moneys derived from any source other than the Revenues and assets pledged under this Master Indenture for any of the purposes in this Master Indenture mentioned whether for the payment of the principal of or the redemption price, if any, or interest on the Obligations or for any other purpose of this Master Indenture.

Section 7.07 Remedies Not Exclusive. No remedy by the terms of this Master Indenture conferred upon or reserved to the Master Trustee or the Holders is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Master Indenture or existing at law or in equity or by statute on or after the date of adoption of this Master Indenture.

Section 7.08 Effect of Waiver and Other Circumstances.

(a) No delay or omission of the Master Trustee or of any Holder to exercise any right or power arising upon the happening of an Event of Default shall impair any right or power or shall be construed to be a waiver of any such default or to be an acquiescence therein; and every power and remedy given by this Article to the Master Trustee or to the Holders may be exercised from time to time and as often as may be deemed expedient by the Master Trustee or by the Holders.

(b) The Holders of a majority in Principal Amount of the Obligations at the time Outstanding, or their attorneys-in-fact duly authorized, may on behalf of the Holders of all of the Obligations waive any past default under this Master Indenture and its consequences, except a default in the payment of interest on or principal or redemption price of the Obligations. No such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

## **ARTICLE VIII**

### **THE MASTER TRUSTEE**

Section 8.01 Concerning the Master Trustee; Acceptance of Master Trustee. The Master Trustee hereby accepts and agrees to execute the trusts imposed upon it by this Master Indenture, but only upon the terms and conditions set forth in this Article and subject to the provisions of this

Master Indenture, to all of which the parties hereto and the respective owners of the Obligations agree.

Section 8.02 Obligation of Master Trustee. The Master Trustee shall be under no obligation to institute any suit, or to take any action or proceeding under this Master Indenture or to enter any appearance or in any way defend in any suit in which it may be made defendant, or to take any steps in the execution of the trusts hereby created or in the enforcement of any rights and powers hereunder, including, without limitation, pursuant to the direction of, or on behalf of, any of the Holders, until it shall be paid or reimbursed or indemnified to its satisfaction against any and all reasonable costs and expenses, outlays, liabilities, damages and counsel fees and expenses and other reasonable disbursements. The Master Trustee may nevertheless begin suit, or appear in and defend suit, or do anything else in its judgment proper to be done by it as the Master Trustee, and in such case Green Bank shall reimburse the Master Trustee for all costs and expenses, outlays, liabilities, damages and counsel fees and expenses and other reasonable disbursements properly incurred in connection therewith. If Green Bank shall fail to make such reimbursement, the Master Trustee may reimburse itself from any moneys in its possession under the provisions of this Master Indenture (other than money on deposit in the Operating Account in the Revenue Fund or any money on deposit in any irrevocable trust or escrow fund established with respect to any defeased Obligations) upon notice to Green Bank of its intention to reimburse itself and the Master Trustee shall have a lien upon such moneys senior to the rights of Holders and shall be entitled to a preference therefor over any of the Obligations then Outstanding.

Section 8.03 Responsibilities of Master Trustee.

(a) The recitals contained in this Master Indenture, any Related Supplement and in the Obligations shall be taken as the statements of Green Bank and the Master Trustee assumes no responsibility for the correctness of the same. The Master Trustee makes no representations as to the validity or sufficiency of this Master Indenture, any Related Supplement or of the Obligations or in respect of the security afforded by this Master Indenture or any Related Supplement, and the Master Trustee shall incur no responsibility in respect thereof. The Master Trustee shall be under no responsibility or duty with respect to: (i) the issuance of the Obligations for value; or (ii) the application of the proceeds thereof except to the extent that such proceeds are received by it in its capacity as Master Trustee; or (iii) the application of any moneys paid to Green Bank or others in accordance with this Master Indenture except as to the application of any moneys paid to it in its capacity as Master Trustee; or (iv) the recording or re-recording, registration or re-registration, filing or re-filing of this Master Indenture or any security documents contemplated thereby, or (v) the validity of the execution by Green Bank of this Master Indenture; or (vi) compliance by Green Bank with the terms of this Master Indenture. The Master Trustee may require of Green Bank full information and advice regarding the performance of the covenants, conditions and agreements contained in this Master Indenture. The Master Trustee shall not be liable in connection with the performance of its duties hereunder except for its own negligence or misconduct.

(b) Except as otherwise provided in this Master Indenture, the Master Trustee shall not be bound to recognize any person as a holder of any Obligation or to take action at such person's request, unless such person shall be the Holder of such Obligation. Any action duly taken by the Master Trustee pursuant to this Master Indenture upon the request, authority or consent of any person who at the time of making such request or giving such authority or consent is the Holder



of any Obligation secured hereby shall be conclusive and binding upon all future Holders of such Obligation.

(c) The duties and obligations of the Master Trustee shall be determined by the express provisions of this Master Indenture, and the Master Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Master Indenture and no duties or obligations shall be implied to the Master Trustee. In the case of an Event of Default specified in Article VII hereof, which Event of Default has not been cured or waived and of which the Master Trustee is deemed to have knowledge, the Master Trustee shall exercise such of the rights and powers vested in it by this Master Indenture and shall use the same degree of care and skill in its exercise thereof as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs.

(d) The Master Trustee shall not be charged with knowledge of any event hereunder unless an officer or administrator in the Master Trustee's corporate trust department has actual knowledge of such event.

(e) In the absence of bad faith on its part, the Master Trustee may rely conclusively, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Master Trustee and conforming to the requirements of this Master Indenture; but in the case of any such certificates or opinions which by any provision hereof are required specifically to be furnished to the Master Trustee, the Master Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Master Indenture.

(f) Except as otherwise expressly provided by the provisions of this Master Indenture, the Master Trustee shall not be obligated and may not be required to give or furnish any notice, demand, report, request, reply, statement, advice or opinion to the Holder of any Obligation and the Master Trustee shall not incur any liability for its failure or refusal to give or furnish the same unless obligated or required to do so by an express provision hereof. The Master Trustee shall not be liable for any action taken or omitted by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Master Indenture. The Master Trustee shall incur no liability in respect of any action taken or omitted by it in good faith in accordance with the direction of the Holder of the percentage of the Obligations specified herein relating to the time, method and place of conducting any proceeding for any remedy available to the Master Trustee or exercising any trust or power conferred upon the Master Trustee under this Master Indenture.

(g) In the event the Master Trustee shall receive inconsistent or conflicting requests and indemnity from two or more groups of Holders, each representing less than a majority of the Principal Amount of the Obligations then Outstanding, the Master Trustee, in its sole discretion, may determine what action, if any, shall be taken.

(h) The Master Trustee shall not be liable for interest on any funds deposited with it hereunder, except as the Master Trustee may otherwise specifically agree in writing.

Section 8.04 Property Held in Trust. All moneys and securities held by the Master Trustee at any time pursuant to the terms of this Master Indenture shall be and hereby are assigned, transferred and set over unto the Master Trustee in trust for the purposes and under the terms and conditions of this Master Indenture.

Section 8.05 Evidence on Which Master Trustee May Act. The Master Trustee shall be protected in acting upon any notice, resolution, request, consent, order, certificate, report, opinion, bond or other paper or document believed by it to be genuine, and to have been signed or presented by the proper party or parties. The Master Trustee may consult with counsel of its selection, who may or may not be counsel to Green Bank, and may rely on an opinion of such counsel. Any such opinion of counsel shall be full and complete authorization and protection in respect of any action taken or suffered, or any action not taken, by it in good faith and in accordance therewith, and the Master Trustee shall not be liable for any action taken or omitted in good faith in reliance on such opinion of counsel. Whenever the Master Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering or not taking any action under this Master Indenture, such matter (unless other evidence in respect thereof be hereby specifically prescribed) may be deemed to be conclusively proved and established by a certificate signed by an Authorized Representative of Green Bank. Such certificate shall be full warrant for any action taken or suffered, or any action not taken, in good faith under the provisions hereof, but the Master Trustee may (but shall not be required to) in addition thereto or in lieu thereof require or accept other evidence of such fact or matter or may require such further or additional evidence as it may deem reasonable. Except as otherwise expressly provided herein, any request, order, notice or other direction required or permitted to be furnished pursuant to any provision hereof by Green Bank to the Master Trustee shall be sufficiently executed if executed in the name of Green Bank by an Authorized Representative.

Section 8.06 Compensation and Indemnification. Unless otherwise provided by contract with the Master Trustee, Green Bank shall pay or cause to be paid to the Master Trustee after reasonable notice to Green Bank in light of the compensation sought to be received, reasonable compensation for all services rendered by it hereunder, including, if applicable, its services as registrar, paying agent and transfer agent, and also all its reasonable expenses, charges, counsel fees, expenses and other disbursements and those of its attorneys, agents, and employees, incurred in and about the performance of its powers and duties hereunder. Green Bank shall indemnify and save the Master Trustee harmless against any expenses and liabilities which it may incur in the exercise and performance of its powers and duties hereunder which are not due to its negligence or misconduct. None of the provisions contained in this Master Indenture shall require the Master Trustee to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers. The obligations of Green Bank under this Section to compensate the Master Trustee, to pay or reimburse the Master Trustee for expenses, disbursements, charges and counsel fees and to indemnify and hold harmless the Master Trustee shall survive the satisfaction and discharge of this Master Indenture. The Master Trustee may, upon written notice to Green Bank, reimburse itself from any moneys in its possession under the provisions of this Master Indenture (other than monies on deposit in the Operating Account in the Revenue Fund or any money on deposit in any irrevocable trust or escrow fund established with respect to any defeased Obligations) and shall have a lien upon such moneys senior to any interest of the Holders therein and shall be entitled to a preference therefor over any of the Obligations then Outstanding.



Section 8.07 Permitted Acts. The Master Trustee may become the owner of or may deal in Obligations or may deal with Green Bank as fully and with the same rights as if it were not the Master Trustee. The Master Trustee may act as depository for, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, Green Bank or any committee formed to protect the rights of Holders or to effect or aid in any reorganization growing out of the enforcement of the Obligations or this Master Indenture, whether or not such committee shall represent the owners of a majority in Principal Amount of the Outstanding Obligations in respect of which any such action is taken.

Section 8.08 Resignation of Master Trustee. The Master Trustee, or any successor thereof, may at any time resign and be discharged of its duties and obligations hereunder by giving not less than thirty (30) days' written notice to Green Bank and the Holders, specifying the date when such resignation shall take effect, provided such resignation shall not take effect until a successor shall have been appointed by Green Bank or a court of competent jurisdiction as provided in Section 8.10 and shall have accepted such appointment.

Section 8.09 Removal of Master Trustee. The Master Trustee, or any successor thereof, may be removed with or without cause at any time by Green Bank, if no Event of Default under this Master Indenture shall have occurred and be continuing, or upon an Event of Default under this Master Indenture by the owners of a majority in Principal Amount of Obligations then Outstanding, excluding any Obligations held by or for the account of Green Bank, by an instrument or concurrent instruments in writing signed and acknowledged by such Holders or by their attorneys-in-fact duly authorized and delivered to Green Bank, provided that such removal shall not take effect until a successor is appointed. Such removal shall take effect upon the date a successor shall have been appointed by Green Bank or a court of competent jurisdiction as provided in Section 8.10 and shall have accepted such appointment. Copies of each instrument providing for any such removal shall be delivered by Green Bank to the Master Trustee and any successor thereof.

Section 8.10 Successor Master Trustee.

(a) In case the Master Trustee, or any successor thereof, shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Master Trustee or of its property shall be appointed, or if any public officer shall take charge of control of the Master Trustee, or of its property or affairs, Green Bank shall forthwith appoint a Master Trustee to act. Notice of any such appointment shall be delivered by Green Bank to the Master Trustee so appointed and the predecessor Master Trustee. Green Bank shall give or cause to be given written notice of any such appointment to the Holders.

(b) If in a proper case no appointment of a successor shall be made within forty-five (45) days after the giving of written notice in accordance with Section 8.08 or after the occurrence of any other event requiring or authorizing such appointment, the Master Trustee or any Holder may apply to any court of competent jurisdiction for the appointment of such a successor, and such court may thereupon, after such notice, if any, as such court may deem proper, appoint such successor.

(c) Any successor appointed under the provisions of this Section shall be a bank or trust company or national banking association which is able to accept the appointment on reasonable and customary terms and authorized by law to perform all the duties required by this Master Indenture, which is approved by Green Bank (unless an Event of Default under Section 7.01 exists and is continuing, in which case a successor shall be appointed by the owners of a majority in Principal Amount of Obligations then Outstanding or by a court pursuant to the above paragraph, or unless a successor is appointed by a court pursuant to the above paragraph) and which has a combined capital and surplus aggregating at least \$50,000,000 (or such other financial resources acceptable to Green Bank in its sole discretion), if there be such a bank or trust company or national banking association willing to serve as Master Trustee hereunder.

Section 8.11 Transfer of Rights and Property to Successor Master Trustee. Any successor Master Trustee appointed under the provisions of Section 8.10 shall execute, acknowledge and deliver to its predecessor, and also to Green Bank, an instrument accepting such appointment, and thereupon such successor, without any further act, deed or conveyance shall become fully vested with all moneys, estates, properties, rights, powers, duties and obligations of its predecessor hereunder, with like effect as if originally appointed as Master Trustee. However, the Master Trustee then ceasing to act shall nevertheless, on request by Green Bank or of such successor, execute, acknowledge and deliver such instruments of conveyance and further assurance and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor all the right, title and interest of such Master Trustee in and to any property held by it hereunder, and upon payment of its fees and expenses shall pay over, assign and deliver to such successor any moneys or other properties subject to the trusts and conditions herein set forth and subject to any indemnification rights of the Master Trustee hereunder. Should any deed, conveyance or instrument in writing from Green Bank be required by such successor for more fully and certainly vesting in and confirming to it any such moneys, estates, properties, rights, powers, duties or obligations, any and all such deeds, conveyances and instruments in writing shall, on request, and so far as may be authorized by law, be executed, acknowledged and delivered by Green Bank.

Section 8.12 Merger or Consolidation of the Master Trustee. Any company into which the Master Trustee may be merged or with which it may be consolidated or any company resulting from any merger or consolidation to which it shall be a party or any company to which such Master Trustee may sell or transfer all or substantially all of its corporate trust business, provided such company shall be a bank or trust company or national banking association qualified to be a successor to such Master Trustee under the provisions of Section 8.10 (except that the approval of Green Bank shall not be required), shall be the successor to such Master Trustee, without any further act, deed or conveyance.

Section 8.13 Several Capacities. Anything in this Master Indenture to the contrary notwithstanding, the same entity may serve hereunder as the Master Trustee and in any other capacities, to the extent permitted by law. The Master Trustee is hereby appointed to serve initially in the capacity of Master Trustee.

Section 8.14 Co-Master Trustees.

(a) With the consent of Green Bank, for the purpose of meeting the legal requirements of any applicable jurisdiction, the Master Trustee shall have power to appoint one or more Persons to act as co-Master Trustee under this Master Indenture, with such powers as may be provided in the instrument of appointment, and to vest in such Person or Persons any property, title, right or power deemed necessary or desirable, subject to the remaining provisions of this Section.

(b) Each co-Master Trustee shall, to the extent permitted by applicable law, be appointed subject to the following terms:

(i) The rights, powers, duties and obligations conferred or imposed upon any such Master Trustee shall not be greater than those conferred or imposed upon the Master Trustee, and such rights and powers shall be exercisable only jointly with the Master Trustee, except to the extent that, under any law of any jurisdiction in which any particular act or acts are to be performed, the Master Trustee shall be incompetent or unqualified to perform such act or acts, in which event such rights and powers shall be exercised by such co-Master Trustee subject to the provisions of subsection (b)(iv) of this Section.

(ii) The Master Trustee may at any time, by an instrument in writing executed by it and with written notice to Green Bank, accept the resignation of or remove any co-Master Trustee appointed under this Section.

(iii) No co-Master Trustee under this Master Indenture shall be liable by reason of any act or omission of any other co-Master Trustee appointed under this Master Indenture.

(iv) No power given to such co-Master Trustee shall be separately exercised hereunder by such co-Trustee except with the consent in writing of the Master Trustee, anything herein contained to the contrary notwithstanding.

Section 8.15 Master Trustee May Fix Record Date. The Master Trustee may, but shall not be obligated to, fix a record date for the purpose of determining the Holders entitled to give their consent or take any other action pursuant to this Master Indenture. If a record date is fixed, then at such record date only those persons (or their duly designated proxies), shall be entitled to give such consent or to revoke any consent previously given or to take any such action, whether or not such persons continue to be Holders after such record date. No such consent shall be valid or effective for more than one hundred twenty (120) days after such record date.

Section 8.16 When Obligations Disregarded. In determining whether the Holders of the required Principal Amount of Obligations have concurred in any direction, waiver or consent, Obligations owned by Green Bank or by any entity directly or indirectly controlling or controlled by or under direct or indirect common control with Green Bank shall be disregarded and deemed not to be Outstanding, except that, for the purpose of determining whether the Master Trustee shall be protected in relying on any such direction, waiver or consent, only Obligations which the Master Trustee knows are so owned shall be so disregarded. Also, subject to the foregoing, only Obligations Outstanding at the time shall be considered in any such determination.

Section 8.17 Compliance with CGS Section 4a-60 and 4a-60a.

(a) CGS Section 4a-60. In accordance with Connecticut General Statutes Section 4a-60(a), as amended, and to the extent required by Connecticut law, the Master Trustee agrees and warrants as follows: (1) in the performance of this Master Indenture it will not discriminate or permit discrimination against any person or group of persons on the grounds of race, color, religious creed, age, marital status, national origin, ancestry, sex, gender identity or expression, status as a veteran, intellectual disability, mental disability or physical disability, including, but not limited to, blindness, unless it is shown by the Master Trustee that such disability prevents performance of the work involved, in any manner prohibited by the laws of the United States or of the State of Connecticut and further to take affirmative action to insure that applicants with job-related qualifications are employed and that employees are treated when employed without regard to their race, color, religious creed, age, marital status, national origin, ancestry, sex, gender identity or expression, status as a veteran, intellectual disability, mental disability or physical disability, including, but not limited to, blindness, unless it is shown by the Master Trustee that such disability prevents performance of the work involved; (2) in all solicitations or advertisements for employees placed by or on behalf of the Master Trustee, to state that it is an “affirmative action-equal opportunity employer” in accordance with regulations adopted by the Commission on Human Rights and Opportunities (the “CHRO”); (3) to provide each labor union or representative of workers with which the Master Trustee has a collective bargaining agreement or other contract or understanding and each vendor with which the Master Trustee has a contract or understanding, a notice to be provided by the CHRO advising the labor union or workers’ representative of the Master Trustee’s commitments under Connecticut General Statutes Section 4a-60, and to post copies of the notice in conspicuous places available to employees and applicants for employment; (4) to comply with each provision of Connecticut General Statutes Sections 4a-60, 46a-68e and 46a-68f and with each regulation or relevant order issued by the CHRO pursuant to Connecticut General Statutes Sections 46a-56, 46a-68e, 46a-68f and 46a-86; (5) to provide the CHRO with such information requested by the CHRO, and permit access to pertinent books, records and accounts, concerning the employment practices and procedures of the Master Trustee as relate to the provisions of Connecticut General Statutes Sections 4a-60a and 46a-56; and (6) to include provisions (1) through (5) of this section in every subcontract or purchase order entered into by the Master Trustee in order to fulfill any obligation of this Master Indenture, and such provisions shall be binding on a subcontractor, vendor or manufacturer unless exempted by regulations or order of the CHRO and take such action with respect to any such subcontract or purchase order as the CHRO may direct as a means of enforcing such provisions in accordance with Connecticut General Statutes Section 4a-60.

(b) CGS Section 4a-60a. In accordance with Connecticut General Statutes Section 4a-60a(a), as amended, and to the extent required by Connecticut law, the Master Trustee agrees and warrants as follows: (1) that in the performance of this Master Indenture, the Master Trustee will not discriminate or permit discrimination against any person or group of persons on the grounds of sexual orientation, in any manner prohibited by the laws of the United States or of the State of Connecticut, and that employees are treated when employed without regard to their sexual orientation; (2) to provide each labor union or representative of workers with which the Master Trustee has a collective bargaining agreement or other contract or understanding and each vendor with which the Master Trustee has a contract or understanding, a notice to be provided by the CHRO advising the labor union or workers’ representative of the Master Trustee’s commitments under Connecticut General Statutes Section 4a-60a, and to post copies of the notice in conspicuous places available to employees and applicants for employment; (3) to comply with each provision

of Connecticut General Statutes Section 4a-60a and with each regulation or relevant order issued by the CHRO pursuant to Connecticut General Statutes Section 46a-56; (4) to provide the CHRO with such information requested by the CHRO, and permit access to pertinent books, records and accounts, concerning the employment practices and procedures of the Master Trustee which relate to the provisions of Connecticut General Statutes Sections 4a-60a and 46a-56; and (5) to include provisions (1) through (4) of this section in every subcontract or purchase order entered into by the Master Trustee in order to fulfill any obligation of this Indenture, and such provisions shall be binding on a subcontractor, vendor or manufacturer unless exempted by regulations or orders of the CHRO and take such action with respect to any such subcontract or purchase order as the CHRO may direct as a means of enforcing such provisions in accordance with Connecticut General Statutes Section 4a-60a.

(c) **Required Submissions.** The Master Trustee agrees and warrants that (1) it has delivered to Green Bank an affidavit signed under penalty of false statement by a chief executive officer, president, chairperson, member, or other corporate officer duly authorized to adopt corporate or company policy in the form as required under the Connecticut General Statutes; (2) if there is a change in the information contained in the most recently filed affidavit, the Master Trustee will submit an updated affidavit not later than the earlier of the execution of a new contract with the State or a political subdivision of the State or thirty (30) days after the effective date of such change; and (3) the Master Trustee will deliver an affidavit to Green Bank annually, not later than fourteen (14) days after the twelve-month anniversary of the most recently filed affidavit, stating that the affidavit on file with Green Bank is current and accurate.

Section 8.18 Compliance with CGS Section 9-612(g)(2). For all State contracts as defined in Public Act 07-1 having a value in a calendar year of \$50,000 or more or a combination or series of such agreements or contracts having a value of \$100,000 or more, the Master Trustee's authorized signatory to this Master Indenture expressly acknowledges receipt of the State Elections Enforcement Commission's notice advising State contractors of State campaign contribution and solicitation prohibitions, and will inform its principals of the contents of the notice.

## **ARTICLE IX**

### **SATISFACTION AND DISCHARGE OF MASTER INDENTURE**

Section 9.01 Payment of Obligations; Defeasance. If (i) Green Bank shall deliver to the Master Trustee for cancellation all Obligations theretofore authenticated (other than any Obligations which shall have been mutilated, destroyed, lost or stolen and which shall have been replaced or paid as provided in any Related Supplement) and not theretofore cancelled, or (ii) upon payment of all Obligations not theretofore cancelled or delivered to the Master Trustee for cancellation, or (iii) (unless otherwise provided for an Obligation in the Related Supplement pursuant to which such Obligation was issued) Green Bank shall deposit with the Master Trustee as trust funds cash or Government Obligations or both, sufficient to pay at maturity or upon redemption all Obligations not theretofore cancelled or delivered to the Master Trustee for cancellation, including without limitation principal and interest due or to become due to such date of maturity or redemption date, as the case may be, and if in any case Green Bank shall also pay or cause to be paid all other sums payable hereunder by Green Bank, then this Master Indenture shall cease to be of further effect, and the Master Trustee, on demand of Green Bank and at the



cost and expense of Green Bank, shall execute proper instruments acknowledging satisfaction of and discharging this Master Indenture. Green Bank shall cause a report to be prepared by a firm nationally recognized for providing verification services regarding the sufficiency of funds for such discharge and satisfaction, upon which report the Master Trustee may rely. Green Bank hereby agrees to reimburse the Master Trustee for any costs or expenses theretofore and thereafter reasonably and properly incurred by the Master Trustee in connection with this Master Indenture or such Obligations.

Section 9.02 Payment of Obligations after Discharge of Lien. Notwithstanding the discharge of the lien hereof as in this Article IX, the Master Trustee shall nevertheless retain such rights, powers and duties hereunder as may be necessary and convenient for the payment of amounts due or to become due on the Obligations and the registration, transfer, exchange and replacement of Obligations as provided in any Related Supplement. Nevertheless, any moneys held by the Master Trustee or any paying agent for the payment of the principal of, premium, if any or interest on any Obligation remaining unclaimed for two years after the principal of all Obligations has become due and payable, whether at maturity or upon proceedings for redemption or by declaration as provided herein, shall, subject to applicable law, then be paid to Green Bank and the Holders of any Obligations or coupons not theretofore presented for payment shall thereafter be entitled to look only to Green Bank for payment thereof as unsecured creditors and all liability of the Master Trustee or any paying agent with respect to such moneys shall thereupon cease.

## **ARTICLE X**

### **MISCELLANEOUS PROVISIONS**

#### Section 10.01 Evidence of Signatures of Holders and Ownership of Obligations.

(a) Any request, consent, revocation of consent or other instrument which this Master Indenture may require or permit to be signed and executed by the Holders may be in one or more instruments of similar tenor, and shall be signed or executed by such Holders in person or by their attorneys-in-fact appointed in writing. Proof of the execution of any such instrument, or of an instrument appointing any such attorneys, shall be sufficient for any purpose of this Master Indenture (except as otherwise therein expressly provided) if made in any manner satisfactory to the Master Trustee. Proof of the holding of Obligations on any date shall be provided by the registration books of Green Bank maintained by the Master Trustee.

(b) Any request or consent by the owner of any Obligation shall bind all future owners of such Obligation and any Obligation issued in exchange therefor in respect of anything done or suffered to be done by Green Bank or any Master Trustee in accordance therewith.

Section 10.02 Governing Law. This Master Indenture shall be construed and adjudicated in accordance with the laws of the State of Connecticut applicable to contracts made and performed in the State of Connecticut, without giving effect to any choice of law rules or provisions.

Section 10.03 Counterparts. This Master Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute one instrument.

Section 10.04 Parties Interested Herein. Nothing in this Master Indenture expressed or implied is intended or shall be construed to confer upon, or to give to, any person or corporation, other than Green Bank, the Master Trustee, and the Holders of the Obligations, any right, remedy or claim under or by reason of this Master Indenture of any covenant, condition or stipulation thereof; and all covenants, stipulations, promises and agreements in this Master Indenture contained by and on behalf of Green Bank shall be for the sole and exclusive benefit of Green Bank, the Master Trustee, and the Holders of the Obligations.

Section 10.05 No Recourse on the Obligations. No recourse shall be had for the payment of the principal of or interest on the Obligations or for any claim based thereon or on this Master Indenture against any officer of Green Bank or any person executing the Obligations, or any employee or agent of the foregoing.

Section 10.06 Successors and Assigns. Whenever in this Master Indenture Green Bank is named or referred to, it shall be deemed to include its successors and assigns and all the covenants and agreements in this Master Indenture contained by or on behalf of Green Bank shall bind and inure to the benefit of its successors and assigns whether so expressed or not.

Section 10.07 Severability of Invalid Provisions. If any one or more of the covenants or agreements provided in this Master Indenture on the part of Green Bank or the Master Trustee to be performed should be contrary to law, then such covenant or covenants, agreement or agreements, shall be deemed severable from the remaining covenants and agreements, and shall in no way affect the validity of the other provisions of this Master Indenture.

Section 10.08 Payments on Saturdays, Sundays and Holidays. In any case where the date of any payment required to be made under this Master Indenture shall not be a Business Day, then such payment shall not be made on such date but shall be made on the next succeeding Business Day, with the same effect as if made on such prior date.

Section 10.09 Effective Date. This Master Indenture shall take effect upon its execution by the Authorized Representative of Green Bank.

Section 10.10 Notice. Unless otherwise expressly specified or permitted by the terms of this Master Indenture, all notices shall be in writing, sent by registered or certified mail, postage prepaid, or by national overnight courier service, or by personal delivery, or by electronic mail with a pdf attachment of such notice (with prompt telephonic confirmation of receipt), to the following addresses, or to such other address as Green Bank or the Master Trustee shall from time to time designate by notice in writing to the other.

If to Green Bank:

Connecticut Green Bank  
845 Brook Street  
Rocky Hill, CT 06067  
Attn: President

If to the Master Trustee:

The Bank of New York Mellon Trust Company, N.A.  
2 North LaSalle Street, 7<sup>th</sup> Floor  
Chicago, Illinois 60602  
Attn: \_\_\_\_\_



[SIGNATURE PAGE TO MASTER TRUST INDENTURE]

**CONNECTICUT GREEN BANK**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**THE BANK OF NEW YORK MELLON  
TRUST COMPANY, N.A., as Master Trustee**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**INDENTURE OF TRUST**

Between

**CONNECTICUT GREEN BANK**

And

**THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,**  
as Trustee

**\$\_\_\_\_\_ SOLAR HOME RENEWABLE ENERGY CREDIT,  
GREEN LIBERTY BONDS,  
SERIES 2020**

**Dated as of \_\_\_\_\_, 2020**

## TABLE OF CONTENTS

	<u>Page</u>
ARTICLE I DEFINITIONS AND INTERPRETATION.....	5
Section 101. Definitions.....	5
Section 102. Interpretation.....	11
Section 103. References to Indenture.....	12
Section 104. Contents of Certificates and Opinions .....	12
ARTICLE II AUTHORIZATION AND ISSUANCE OF BONDS .....	13
Section 201. Authorization of Indenture.....	13
Section 202. Indenture to Constitute Contract.....	13
Section 203. Authorization of Bonds; Obligation of Bonds .....	13
Section 204. Issuance and Delivery of the Bonds.....	14
Section 205. [Not Used].....	15
Section 206. Special Capital Reserve Fund .....	15
ARTICLE III GENERAL TERMS AND CONDITIONS OF BONDS .....	17
Section 301. Authorization .....	17
Section 302. Place and Medium of Payment; Form .....	17
Section 303. Negotiability, Transfer and Registry.....	17
Section 304. Regulations with Respect to Exchanges and Transfers .....	18
Section 305. Bonds Mutilated, Destroyed, Stolen or Lost.....	18
Section 306. Preparation of Definitive Bonds, Temporary Bonds .....	18
Section 307. Execution and Authentication.....	19
ARTICLE IV APPLICATION OF BOND PROCEEDS .....	19
Section 401. Application of Bond Proceeds .....	19

	<u>Page</u>
ARTICLE V FUNDS AND ACCOUNTS .....	20
Section 501. The Pledge Effected by this Indenture.....	20
Section 502. Establishment of Funds and Accounts.....	20
Section 503. Revenue Fund .....	21
Section 504. Debt Service Fund.....	21
Section 505. Costs of Issuance Fund .....	22
Section 506. Special Capital Reserve Fund.....	23
Section 507. Redemption Fund.....	24
Section 508. 2020 SHREC Economic and Energy Security Fund.....	24
Section 509. Investment of Funds.....	24
Section 510. Valuation and Sale of Investments .....	25
Section 511. Financial and Other Reporting.....	26
ARTICLE VI REDEMPTION OF BONDS .....	26
Section 601. Privilege of Redemption and Redemption Price.....	26
Section 602. Redemption at the Election of Green Bank .....	26
Section 603. Redemption Other Than at Green Bank Election .....	26
Section 604. Notice of Redemption.....	27
Section 605. Payment of Redeemed Bonds .....	27
ARTICLE VII REPRESENTATIONS AND COVENANTS OF GREEN BANK .....	27
Section 701. Payment of Bonds .....	27
Section 702. Offices for Servicing Bonds.....	28
Section 703. Further Assurance .....	28
Section 704. Power to Issue Bonds and Pledge Revenues.....	28
Section 705. Green Bank Not to Amend Master Trust Indenture.....	28
Section 706. Accounts and Periodical Reports and Certificates.....	28
Section 707. Indebtedness and Liens .....	29
Section 708. Special Capital Reserve Fund .....	29
Section 709. General.....	29

	<u>Page</u>
Section 710. Agreement of Green Bank .....	29
Section 711. State Not to Impair Bonds of Green Bank.....	29
Section 712. Continuing Disclosure Requirements.....	30
 ARTICLE VIII SUPPLEMENTS AND AMENDMENTS .....	 30
Section 801. Supplements Not Requiring Consent of Bondholders .....	30
Section 802. Supplements Requiring Consent of Bondholders .....	31
Section 803. Execution and Effect of Supplemental Indentures.....	32
 ARTICLE IX DEFAULTS: REMEDIES ON DEFAULT .....	 33
Section 901. Events of Default .....	33
Section 902. Remedies Upon Default.....	33
Section 903. Accounting and Examination of Records After Default.....	34
Section 904. Application of Revenues and Other Moneys After Default.....	34
Section 905. Proceedings Brought by Trustee.....	35
Section 906. Restriction on Bondholders' Action .....	37
Section 907. Remedies Not Exclusive .....	37
Section 908. Effect of Waiver and Other Circumstances .....	38
Section 909. State Right to Act.....	39
 ARTICLE X THE TRUSTEE .....	 38
Section 1001. Concerning the Trustee; Acceptance of Trustee.....	38
Section 1002. Obligation of Trustee .....	38
Section 1003. Responsibilities of Trustee.....	38
Section 1004. Property Held in Trust. ....	40
Section 1005. Evidence on Which Trustee May Act.....	40
Section 1006. Compensation and Indemnification .....	41
Section 1007. Permitted Acts.....	41
Section 1008. Resignation of Trustee. ....	41
Section 1009. Removal of Trustee.....	41
Section 1010. Successor Trustee.....	42
Section 1011. Transfer of Rights and Property to Successor Trustee.....	42
Section 1012. Merger or Consolidation of the Trustee.....	43
Section 1013. Several Capacities .....	43
Section 1014. Co-Trustees .....	43
Section 1015. Trustee May Fix Record Date.....	44
Section 1016. When Bonds Disregarded .....	44

	<u>Page</u>
Section 1017. Compliance with CGS Section 4a-60 and 4a-60a.....	44
Section 1018. Compliance with CGS Section 9-612(g)(2).....	46
ARTICLE XI SATISFACTION AND DISCHARGE OF INDENTURE .....	46
Section 1101. Payment of Bonds; Defeasance .....	46
Section 1102. Payment of Bonds after Discharge of Lien.....	46
ARTICLE XII MISCELLANEOUS PROVISIONS .....	47
Section 1201. Evidence of Signatures of Bondholders and Ownership of Bonds.....	47
Section 1202. Governing Law. ....	47
Section 1203. Counterparts.....	47
Section 1204. Parties Interested Herein .....	47
Section 1205. No Recourse on the Bonds.....	47
Section 1206. Successors and Assigns.....	48
Section 1207. Severability of Invalid Provisions .....	48
Section 1208. Payments on Saturdays, Sundays and Holidays .....	48
Section 1209. Effective Date .....	48
Section 1210. Notice.....	48

Schedule 1 - Description of the Bonds

Exhibit A - Form of Bond

## INDENTURE OF TRUST

THIS INDENTURE OF TRUST (the "Indenture") dated as of \_\_\_\_\_, 2020 is made by and between the Connecticut Green Bank ("Green Bank"), and The Bank of New York Mellon Trust Company, N.A. (the "Trustee"), a national banking association authorized to exercise corporate trust powers:

WHEREAS, Green Bank is established and created as a body politic and corporate constituting a public instrumentality and political subdivision of the State of Connecticut (the "State"); and

WHEREAS, pursuant to Sections 16-245n and 16-245kk through 16-245mm of the Connecticut General Statutes (the "Act"), Green Bank is authorized to support financing or other expenditures that promote investment in clean energy sources, and to enter into contracts with private sources to raise capital for such purposes; and

WHEREAS, on March 26, 2019, Green Bank issued its SHREC Collateralized Notes in the aggregate amount of \$38,600,000 to fund its cost recovery under the Residential Solar Incentive Program ("RSIP") for Solar Home Renewable Energy Credits ("SHRECs") related to SHREC Systems that were aggregated into a tranche in 2017 (the "SHREC Tranche 1") and for SHRECs related to SHREC Systems that were aggregated into a tranche in 2018 (the "SHREC Tranche 2"); and

WHEREAS, pursuant to the Act, Green Bank's Board of Directors (the "Board") has approved a bond authorization of \$25,000,000 to fund its cost recovery under the RSIP by selling its bonds secured by the SHRECs related to SHREC Systems that were aggregated into a tranche in 2019 (the "SHREC Tranche 3"), which bonds shall be secured by amounts receivable (the "SHREC Receivables") under Master Purchase Agreements between Green Bank and Eversource Energy and The United Illuminating Company (the "Master Purchase Agreements"); and

WHEREAS, pursuant to the Act, Green Bank is authorized from time to time to issue negotiable bonds for any corporate purpose, as shall be authorized by resolution of the members of the Board; which resolution may contain provisions for Green Bank to pledge all or any part of the revenues from the SHREC Receivables or any revenue-producing contract or contracts to secure the payment of the bonds; and

WHEREAS, pursuant to the Act, at the discretion of Green Bank, any bonds may be secured by a trust agreement by and between Green Bank and a corporate trustee, which trust agreement may secure said bonds by a pledge or assignment of any revenues to be received, any contract or proceeds of any contract, or any other property, revenues, moneys or funds available to Green Bank for such purpose; and

WHEREAS, Green Bank has determined to authorize the issuance of its \$\_\_\_\_\_ Solar Home Renewable Energy Credit, Green Liberty Bonds, Series 2020 (the "Bonds") and to use the proceeds derived from the sale thereof to reimburse Green Bank for

funds previously advanced and to otherwise terminate any Green Bank obligations previously incurred and that remain outstanding in order to release the SHREC Receivables from such obligations, and to otherwise carry out its corporate purposes under the Act and the Connecticut General Statutes; and

WHEREAS, Green Bank has determined that the Bonds shall be secured, in part, by a pledge to the Trustee under this Indenture of all of Green Bank's interests in the SHREC Receivables and the other revenues therefrom.

#### GRANTING CLAUSE

NOW, THEREFORE, THIS INDENTURE WITNESSETH, that to secure the payment of principal of, redemption premium, if any, and interest on the Bonds according to their true intent and meaning, and all other amounts due from time to time under this Indenture, including those due to the Trustee, to secure the performance and observance of all of the covenants, agreements, Bonds and conditions contained in the Bonds and in this Indenture, and to declare the terms and conditions upon and subject to which the Bonds are and are intended to be issued, held, secured and enforced and in consideration of the premises and the acceptance by the Trustee of the trusts created herein and of the purchase and acceptance of the Bonds by the Bondholders and for other good and valuable consideration, the receipt of which is acknowledged, Green Bank has executed and delivered this Indenture and absolutely and irrevocably grants, bargains, sells, conveys, releases, pledges and assigns to the Trustee and to its successors in trust, on the basis set forth herein, and its and their assigns, all right, title and interest of Green Bank in and to the following (collectively, the "Trust Estate"):

(1) the SHREC Receivables and RECs related to SHREC Tranche 3 owned by Green Bank (other than with respect to any SHRECs that are reassigned to Green Bank as Ineligible SHRECs following the issuance of the Bonds);

(2) the Revenues and all other property that may in the future be delivered, or by writing of any kind, conveyed, pledged, assigned or transferred to Green Bank as additional security hereunder for the Bonds;

(3) Green Bank's rights under the Master Purchase Agreements related to the SHREC Receivables and all other agreements that may in the future be delivered, or by writing of any kind, conveyed, pledged, assigned or transferred to Green Bank as additional security hereunder for the Bonds;

(4) the Revenue Fund, the Debt Service Fund, the Redemption Fund and the 2020 SHREC Economic and Energy Security Fund together with any and all receipts, funds or moneys, investments and other property of every kind and nature from time to time hereafter on deposit in or payable to such funds and accounts thereof; and

(5) the Special Capital Reserve Fund, including all amounts on deposit in and if necessary certified by Green Bank as necessary to restore the Special Capital Reserve Fund to the Special Capital Reserve Fund Requirement and deemed appropriated by the State and paid to Green Bank, together with any and all moneys, investments and other property of every kind and nature from time to time hereafter on deposit in or payable to the Special Capital Reserve Fund,



including any amounts paid by the Master Trustee pursuant to the Master Indenture for deposit into the Special Capital Reserve Fund.

TO HAVE AND TO HOLD all in singular the Trust Estate, whether now owned or hereafter acquired, unto the Trustee and its successors and assigns forever, SUBJECT, HOWEVER, IN ALL CASES to the application thereof for the purposes and on the terms and conditions hereafter set forth in this Indenture;

IN TRUST, NEVERTHELESS, under and subject to the terms and conditions as hereinafter set forth for:

(a) the equal and proportionate benefit, security and protection of all present and future Bondholders from time to time issued and to be issued under and secured by this Indenture without privilege, priority or distinction as to the lien or otherwise of any Bond over any other Bonds equally secured, and for enforcement of the payment of the Bonds in accordance with their terms, and all other sums payable hereunder, on or in connection with the Bonds and for the performance of and compliance with the Bonds, covenants and conditions of and subject to the provisions of this Indenture, permitting the application and investment thereof for the purposes and on the terms and conditions set forth herein;

(b) the enforcement of the payment of the principal of, redemption premium, if any, and interest on the Bonds, and all other amounts due from time to time under this Indenture, including those due to the Trustee, when payable, according to the true intent and meaning thereof and of this Indenture, and

(c) security for the performance and observance of and compliance with the covenants, agreements, obligations, terms and conditions of this Indenture in connection with the issuance of the Bonds,

in each case, without preference, priority or distinction, as to lien or otherwise except as provided herein, of any one Bond over any other by reason of designation, number, date of the Bonds or of authorization, issuance, sale, execution, authentication, delivery or maturity thereof, or otherwise, so that each Bond and all Bonds shall have the same right, lien and privilege under this Indenture and shall be secured equally and proportionately by this Indenture, it being intended that the lien and security of this Indenture shall take effect from the date hereof, without regard to the date of the actual issue, sale or disposition of the Bonds, as though upon that date all of the Bonds were actually issued, sold and delivered to purchasers for value.

PROVIDED, HOWEVER, that upon satisfaction of and in accordance with the provisions of Section 1101, the rights assigned hereby shall cease, terminate and be void to the extent described therein, otherwise such rights shall be and remain in full force and effect; and

It is declared that the Bonds are the only bonds to be issued under and secured by this Indenture, and are to be issued, authenticated and delivered, and that all Revenues assigned or pledged hereby are to be dealt with and disposed of under, upon and subject to, the terms, conditions, stipulations, covenants, agreements, obligations, trusts, uses and purposes provided in

this Indenture; and the Green Bank has agreed and covenanted, and agrees and covenants with the Trustee and with each and all holders of Bonds, as follows:

## **ARTICLE I**

### **DEFINITIONS AND INTERPRETATION**

Section 101. Definitions. In this Indenture the following terms shall have the following meanings unless the context otherwise requires:

"Account" shall mean one of the accounts created and established pursuant to this Indenture.

"Accountant" shall mean any firm of independent certified public accountants selected by Green Bank.

"Act" shall mean Sections 16-245n and 16-245kk through 16-245mm of the Connecticut General Statutes, as amended from time to time.

"Authorized Representative" shall mean with respect to Green Bank, the President or any other person designated as an Authorized Representative by resolution of its Board of Directors.

"Bond" or "Bonds" shall mean the \$\_\_\_\_\_ Solar Home Renewable Energy Credit, Green Liberty Bonds, Series 2020, issued under this Indenture.

"Bond Payment Date" shall mean with respect to the Bonds issued or incurred hereunder, an Interest Payment Date or a Principal Payment Date.

"Bondholder", "owner" or "holder" or words of similar import shall mean, when used with reference to a Bond, the person in whose name the Bond is registered.

"Business Day" means any day other than a Saturday, a Sunday, or a day on which national banking associations or state banking institutions in the State of New York, the State of Connecticut or the State in which the corporate trust office of the Trustee is located are authorized or obligated by law or executive order to be closed.

"Bylaws" shall mean the bylaws of Green Bank, as amended from time to time.

"Certificate" shall mean a written certificate signed in the name of Green Bank by an Authorized Representative or in the name of the Trustee by its responsible officer.

"Code" shall mean the Internal Revenue Code of 1986, as amended.

"Connecticut General Statutes" shall mean the General Statutes of Connecticut, Revision of 1958, as amended.

“Costs of Issuance” shall mean all costs and expenses of Green Bank incurred in connection with the authorization, issuance, sale and delivery of the Bonds, including, but not limited to, underwriting fees and costs, rating fees, legal fees and expenses, financial advisory and other consultant fees, Trustee fees and expenses, paying agent fees and printing costs.

“Costs of Issuance Fund” shall mean the fund by that name established pursuant to Sections 502 and 504 hereof.

“Debt Service” shall mean the sum of (i) the Interest Payment due on the Bonds on an Interest Payment Date, except to the extent that such interest is to be paid from amounts representing investment (but not reinvestment) earnings on the Debt Service Fund or Special Capital Reserve Fund if such amounts shall have been invested in Investment Securities and the amount of such investment earnings taken into account may be determined precisely, and (ii) the Principal Payment due on the Bonds on such Principal Payment Date. Such Interest Payment and Principal Payment shall be calculated on the assumption that no Bonds Outstanding at the date of calculation will cease to be Outstanding except by reason of the payment thereof upon stated maturity or upon mandatory redemption by application of Sinking Fund Installments.

“Debt Service Accounts” shall mean the Interest Account and the Principal Account established in the Debt Service Fund.

"Debt Service Fund" shall mean the fund by that name established pursuant to Sections 502 and 504 hereof.

"Defeasance Obligations" shall mean (A) any bonds or other obligations which as to principal and interest constitute direct obligations of, or are guaranteed by, the United States of America, including obligations of any agency thereof or corporation which has been or may hereafter be created pursuant to an act of Congress as an agency or instrumentality of the United States of America to the extent unconditionally guaranteed as to timely payment of principal and interest by the United States of America or (B) any other receipt, certificate or other evidence of an ownership interest in obligations or in specified portions thereof (which may consist of specified portions of the interest thereon) of the character described in subclause (A).

"Event of Default" shall mean any of the events specified in Section 901 hereof.

"Fiscal Year" shall mean the period adopted by Green Bank as its annual accounting period. The Fiscal Year is initially the twelve month period commencing on July 1 and ending on June 30 in each year.

"Fund" shall mean any fund established pursuant to Sections 502 or 801 hereof.

"Green Bank" shall have the meaning set forth in the recitals to this Indenture.

"Indenture" shall mean this instrument as originally executed and as it may from time to time be supplemented, modified or amended in accordance with the terms hereof.

“Independent Consultant” shall mean a Person that (1) does not have any direct financial interest or any material indirect financial interest in Green Bank and (2) is not

connected with an officer, employee, promoter, trustee, partner, director or Person performing similar functions, and designated by Green Bank, qualified to pass upon questions relating to the financial affairs of Green Bank and having a favorable reputation for skill and experience.

“Ineligible SHREC” shall mean a SHREC for which (i) one or more eligibility criteria are found to have been breached at the time such SHREC was conveyed to Green Bank pursuant to the Master Purchase Agreements, which breach materially and adversely affects the value of such SHREC, or (ii) neither Green Bank nor the Trustee has a first priority perfected security interest.

“Interest Payment” shall mean as of any date of calculation and with respect to any Bonds Outstanding, the interest amount on the Bonds due on the next Interest Payment Date.

"Interest Payment Date" shall mean November 15 and May 15 in each year until maturity, commencing on November 15, 2020.

"Investment Securities" shall mean and include any of the following, as confirmed to the Trustee in a Certificate of an Authorized Representative:

(1) Direct bonds issued or guaranteed by the United States of America or the State;

(2) Debt or bonds which are rated “A” or better by Moody’s and S&P if rated by both, or are rated “A” by Moody’s or S&P if not rated by both (without regard to the addition of a number or a plus (+) or a minus (-) to any rating) and are:

(a) Securities which are guaranteed fully as to principal and interest by the United States or the State or for which the full faith and credit of the United States or the State is pledged for the payment of principal and interest;

(b) Securities, including repurchase agreements, the principal and interest of which are irrevocably secured by securities described in clause (1) or subdivision (a) of clause (2) of this definition;

(c) Bonds of any agency of the United States, including government sponsored enterprises, which are not guaranteed fully as to principal and interest by the United States or for which the full faith and credit of the United States is not pledged for the payment of principal and interest; or

(d) Partnership interests in, shares of stock of, units of beneficial interest in or other ownership interest in any one investment company registered under the Investment Company Act of 1940, as from time to time amended, provided the portfolio of such investment company consists solely of investments described in subsections (a) to (c) above;

(3) Deposits of interest-bearing time or demand deposits or certificates of deposit or other similar banking arrangements that are allowable investments for Green Bank and are secured in such manner as Green Bank shall determine;

(4) Participation certificates in the short term investment fund created and existing under Section 3-27a of the Connecticut General Statutes.

“Master Purchase Agreements” shall mean the agreements authorized pursuant to Section 16-245gg of the Connecticut General Statutes (i) by and between Green Bank and The Connecticut Light and Power Company d/b/a Eversource Energy (“Eversource”) and (ii) by and between Green Bank and The United Illuminating Company (“United Illuminating”) (collectively Eversource and United Illuminating are the “Utilities”), pursuant to which Green Bank is required to sell and the Utilities are required to purchase the SHRECs.

“Master Trust Indenture” shall mean the Master Trust Indenture between Connecticut Green Bank and The Bank of New York Mellon Trust Company, N.A., as Master Trustee, dated as of \_\_\_\_\_, 2020, as the same may be amended from time to time.

“Master Trustee” shall mean the Master Trustee under the Master Trust Indenture.

"Notice" shall mean, unless otherwise expressly specified or permitted by the terms of this Indenture, a notice in writing, sent by registered or certified mail, postage prepaid, or by national overnight courier service, or by personal delivery, or by electronic mail with a pdf attachment of such notice (with prompt telephonic confirmation of receipt), to the addresses provided in Section 1210 hereof, or to such other address as Green Bank or the Trustee shall from time to time designate by notice in writing to the other.

"Opinion of Counsel" shall mean a written opinion signed by an attorney or firm of attorneys who may be counsel for Green Bank.

"Outstanding", when used with reference to Bonds, shall mean, as of any date of determination, all Bonds theretofore issued or incurred and not paid and discharged other than (a) Bonds theretofore cancelled by the Trustee or delivered to the Trustee for cancellation, (b) Bonds in lieu of which other Bonds have been authenticated and delivered or have been paid pursuant to the provisions of a Supplemental Indenture regarding mutilated, destroyed, lost or stolen Bonds unless proof satisfactory to the Trustee has been received that any such Bond is held by a protected purchaser, (c) any Bond held by Green Bank, and (d) Bonds deemed paid and no longer outstanding pursuant to the terms thereof.

“Person” means an individual, corporation, limited liability company, firm, association, partnership, trust, or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

"President" shall mean the President or any Interim President of Green Bank appointed in accordance with Green Bank's Bylaws.

"Principal Payment" shall mean, as of any date of calculation and with respect to any Bonds Outstanding, (i) the principal amount of the Bonds due on a certain future date for which no Sinking Fund Installments have been established, or (ii) the unsatisfied balance of any Sinking Fund Installments due on a certain future date for the Bonds, or (iii) if such future dates coincide as to different Bonds, the sum of such principal amount of the Bonds and of such unsatisfied balance of Sinking Fund Installments due on such future date.

"Principal Payment Date" shall mean November 15 each year until maturity, commencing on November 15, 2021.

"Rebate Amount" shall mean any amounts due and owing to the Department of the Treasury of the United States of America as required to obtain and maintain the tax exemption under the Code.

"RECs" shall mean the solar home renewable energy credits produced by qualifying residential solar photovoltaic systems pursuant to Section 16-245gg of the Connecticut General Statutes.

"Record Date" shall mean, unless otherwise determined by the Trustee upon the occurrence of an Event of Default, the last business day of any calendar month proceeding the month in which there occurs a Bond Payment Date.

"Redemption Fund" shall mean the fund by that name established pursuant to Sections 502 and 507 hereof.

"Redemption Price" shall mean, when used with respect to a Bond or portion thereof, the principal amount thereof plus the applicable premium, if any, payable upon redemption thereof pursuant to the terms of this Indenture.

"Related Secured Credit Facility" shall mean the outstanding obligations of Green Bank for which the SHRECs have been pledged as security for the repayment thereof, as follows: \_\_\_\_\_.

"Residential Solar Incentive Program" or "RSIP" means the program established by Green Bank pursuant to Section 16-245ff of the Connecticut General Statutes to support the deployment of residential solar photovoltaic installations in the State.

"Revenue Fund" shall mean the fund by that name established pursuant to Sections 502 and 503 hereof.

"Revenues" shall mean all payments, charges, rents, fees, and other realized income derived or to be derived from or for the ownership of the RECs related to SHREC Tranche 3, including all investment proceeds received by Green Bank, and including all revenues from the Master Purchase Agreements related to the SHREC Receivables, but does not include (i) any amounts received or receivable from the State or the United States (or any agency of either thereof), or (ii) any amounts received by or paid to Green Bank under the terms of any grant agreement with the State or the United States (or any agency of either thereof) and which are received by or paid to Green Bank under such grant agreement.

“SHRECs” shall mean the solar home renewable energy credits purchased by Green Bank from homeowners and third-party system owners receiving RSIP incentives, and which are required to be sold by Green Bank to the Utilities, pursuant to the Master Purchase Agreements.

“SHREC Receivables” shall mean the revenue received from the Utilities for SHRECs related to SHREC Tranche 3.

“SHREC System” shall mean a residential photovoltaic system for which the homeowner or a third-party owner deploying such system has been provided an incentive by Green Bank pursuant to the Residential Solar Incentive Program.

“SHREC Tranche 3” shall mean the SHRECs related to SHREC Systems that were aggregated into a tranche in 2019.

“Sinking Fund Installment” shall mean, as of any particular date of calculation, the amount required by this Indenture to be paid on a future date for the retirement of Outstanding Bonds which are stated to mature subsequent to such future date, but does not include any amount payable by reason only of the maturity of a Bond.

“Special Capital Reserve Fund” or “SCRF” shall mean the fund by that name established pursuant to Sections 502 and 506 hereof.

“Special Capital Reserve Fund Requirement” shall mean as of any date of calculation, an amount equal to the maximum amount of Principal Payments and interest thereon becoming due in the calendar year in which such computation is made, or in any single succeeding calendar year, on Outstanding Bonds.

"State" shall mean the State of Connecticut.

"Supplemental Indenture" shall mean a written agreement of Green Bank amending or supplementing this Indenture, adopted in accordance with Article VIII hereof.

"Trust Estate" shall have the meaning set forth in the Granting Clause in this Indenture.

"Trustee" shall mean The Bank of New York Mellon Trust Company, N.A. and its successor or successors and any other person which may at any time be substituted in its place pursuant to this Indenture.

“Utilities” shall mean, collectively, The Connecticut Light and Power Company, d/b/a Eversource Energy (“Eversource”) and The United Illuminating Company (“United Illuminating”).

"2020 SHREC Economic Energy and Security Fund" shall mean the fund by that name established pursuant to Sections 502 and 508 hereof.

Section 102. Interpretation.

(a) Any reference herein to any officer of Green Bank shall include those succeeding to his or her functions, duties or responsibilities pursuant to or by operation of law or who are lawfully performing his or her functions.

(b) Unless the context otherwise indicates, words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. The singular shall include the plural and vice versa.

(c) All accounting terms not specifically defined herein shall be construed in accordance with generally accepted accounting principles consistently applied, except as otherwise stated herein. If any change in accounting principles from those used in the preparation of the financial statements of Green Bank results from the promulgation of rules, regulations, pronouncements and opinions by or required by the Governmental Accounting Standards Board, American Institute of Certified Public Accountants, or other authoritative bodies that determine generally accepted accounting principles (or successors thereto or agencies with similar functions) and such change results in a change in the accounting terms used in this Indenture, the accounting terms used herein shall be modified to reflect such change in accounting principles so that the criteria for evaluating Green Bank's financial condition shall be the same after such change as if such change had not been made. Any such modification shall be described in a Certificate of an Authorized Representative filed with the Trustee, which shall contain a certification to the effect that (i) such modifications are occasioned by such a change in accounting principles and (ii) such modifications will not have a material adverse effect on Green Bank's financial condition.

(d) Headings of Articles and Sections herein and the table of contents hereto are solely for convenience of reference, and do not constitute a part hereof and shall not affect the meaning, construction or effect hereof.

Section 103. References to Indenture. The terms "hereby," "hereof," "hereto," "herein," "hereunder," and any similar terms, used in this Indenture refer to this Indenture.

Section 104. Contents of Certificates and Opinions Every Certificate or opinion provided for herein by Green Bank with respect to compliance with any provision hereof shall include: (i) a statement that the Person making or giving such certificate or opinion has read such provision and the definitions herein relating thereto; (ii) a brief statement as to the nature and scope of the examination or investigation upon which the certificate or opinion is based; (iii) a statement that, in the opinion of such Person, he, she or it has made, or caused to be made, such examination or investigation as is necessary to enable him, her or it to express an informed opinion with respect to the subject matter referred to in the instrument to which his, her or its signature is affixed; and (iv) a statement as to whether, in the opinion of such Person, such provision has been complied with.

Any such Certificate or opinion made or given by an officer of Green Bank or the Trustee may be based, insofar as it relates to legal, accounting or clean energy matters, upon a Certificate or opinion or representation of counsel, an Accountant or Independent Consultant unless such officer knows, or in the exercise of reasonable care should have known, that the Certificate,



opinion or representation with respect to the matters upon which such Certificate or opinion may be based, as aforesaid, is erroneous. Any such Certificate, opinion or representation made or given by counsel, an Accountant, or an Independent Consultant, may be based, insofar as it relates to factual matters (with respect to which information is in the possession of Green Bank), upon the Certificate or opinion of, or representation by an officer of Green Bank unless such counsel, Accountant or Independent Consultant knows, or in the exercise or reasonable care should have known, that the Certificate, opinion of or representation by such officer, with respect to the factual matters upon which such Person's Certificate or opinion may be based, as aforesaid, is erroneous. The same officer of Green Bank or the same counsel or Accountant or Independent Consultant, as the case may be, need not certify as to all the matters required to be certified under any provision hereof, but different officers, counsel, Accountants or Independent Consultants may certify as to different matters, respectively.

## **ARTICLE II**

### **AUTHORIZATION AND ISSUANCE OF BONDS**

Section 201. Authorization of Indenture. This Indenture is entered into pursuant to the authority granted to Green Bank by the Act and the Bylaws. Green Bank has ascertained and hereby determines and declares that execution of this Indenture is necessary to carry out its purposes under the Act, that each and every act, matter, thing or course of conduct as to which provision is made herein is necessary in order to carry out and effectuate the corporate purposes of Green Bank in accordance with the Act and the Bylaws and to exercise the powers given thereby, and that each and every covenant or agreement herein contained and made is necessary, useful or convenient in order to better secure the Bonds and the contracts or agreements necessary, useful and convenient to carry out and effectuate its purposes under the Act.

Section 202. Indenture to Constitute Contract. In consideration of the purchase and acceptance of the Bonds by those who shall hold the same from time to time, the provisions of this Indenture shall constitute a contract among Green Bank, the Trustee and the holders from time to time of the Bonds. The pledge hereof and the provisions, covenants and agreements herein set forth to be performed by or on behalf of Green Bank shall be for the equal benefit, protection and security of the holders of any and all such Bonds each of which, regardless of the time or times of its issue or maturity, shall be of equal rank without preference, priority or distinction over any other thereof except as expressly provided in this Indenture.

Section 203. Authorization of Bonds; Obligation of Bonds.

(a) In order to provide sufficient funds for the purposes of financing and refinancing the SHREC Receivables, Bonds of Green Bank are hereby authorized to be issued

and such Bonds shall be issued subject to the terms, conditions and limitations established in this Indenture.

(b) The Bonds issued hereunder shall be payable solely out of the Revenues and other receipts, funds and moneys pledged therefor pursuant to this Indenture and are secured by the liens created hereby, including the Trust Estate. The Bonds are not general obligations of Green Bank or the State. The Bonds shall not be deemed to constitute a debt or liability of the State or of any political subdivision thereof, or a pledge of the full faith and credit of the State or any of its political subdivisions, but shall be payable solely from the funds provided for such purposes by this Indenture. The Bonds shall not constitute indebtedness of the State within the meaning of any statutory or constitutional provision.

(c) The Bonds issued pursuant to this Indenture shall be special, limited Bonds of Green Bank and shall not be payable from nor charged upon any funds other than Revenues or other receipts, funds or moneys pledged therefor pursuant to this Indenture, nor shall Green Bank be subject to any liability thereon except to the extent of such Revenues or other receipts, funds and moneys pledged therefor pursuant to this Indenture; provided, however, that the foregoing shall in no way limit Green Bank's duties and obligations hereunder and any rights or remedies the Bondholders may have in respect of such duties and obligations. The issuance of Bonds pursuant hereto shall not directly or contingently obligate Green Bank to make any additional appropriation for their payment. The Bonds shall not constitute a charge, lien or encumbrance, legal or equitable, upon any property of Green Bank, other than Revenues or other receipts, funds or moneys pledged therefor as provided in this Indenture.

#### Section 204. Issuance and Delivery of the Bonds.

(a) There are hereby authorized to be issued under this Indenture Bonds in the principal amount of \$\_\_\_\_\_, in denominations of \$1,000 or any integral multiple thereof, as follows: Connecticut Green Bank Solar Home Renewable Energy Credit, Green Liberty Bonds, Series 2020, dated, bearing interest, maturing, and subject to prior optional redemption, as indicated on Schedule 1 hereof. The interest on the Bonds shall be includable in the gross income of the holders thereof for federal income tax purposes under the Code, it having been found and determined by Green Bank that such issuance is necessary, is in the public interest, and is in furtherance of the purposes and powers of Green Bank.

(b) The Bonds shall be issued in fully registered form, without coupons, in the principal amount of the Bonds, initially registered in the name of Cede & Co, the nominee for The Depository Trust Company. Interest on the Bonds will be calculated on the basis of a 360-day year consisting on twelve 30-day months. Subject to the provisions of this Indenture, the form of the Bonds and the Trustee's certificate of authentication shall be substantially in the form of bond in Exhibit A with such changes as are required hereby.

(c) Optional Redemption. The Bonds maturing on November 15, 20\_\_ and thereafter are subject to redemption prior to maturity, at the option of Green Bank, on or after November 15, 20\_\_ at any time, in whole or in part, and by lot within maturity, in such amounts and in such order of maturity as Green Bank may determine, at the redemption price or prices

(expressed as a percentage of the principal amount of the Bonds to be redeemed) set forth in the following table, plus interest accrued and unpaid to the redemption date:

<u>Redemption Date</u>	<u>Redemption Price</u>
November 15, 20__ and thereafter	100.00%

(d) Mandatory Sinking Fund Redemption. The Bonds shall be subject to redemption, in part, through application of Sinking Fund Installments beginning on November 15, 20\_\_, at the Redemption Price of one hundred percent (100%) of the principal amount of each portion of the Bond to be redeemed, plus accrued interest, if any, to the date of redemption. Unless no portion of the Bonds to be so redeemed shall then be Outstanding and, subject to the provisions of this Indenture permitting amounts to be credited to part or all of any one or more Sinking Fund Installments, there shall be due from, and Green Bank shall be required to pay for the retirement of the Bonds on November 15, 20\_\_ of each of the years set forth in Schedule 1 attached hereto, the amount set forth opposite such year in said Schedule 1, and the said amount to be paid on each such date is hereby established as and shall constitute a Sinking Fund Installment for retirement of such portion of the Bonds.

(e) The net proceeds of the Bonds shall be used to reimburse Green Bank for funds previously advanced and to otherwise satisfy any Green Bank obligations previously incurred and that remain outstanding in order to release the SHREC Receivables from the Related Secured Credit Facility.

Section 205. [Not used]

Section 206. Special Capital Reserve Fund.

(a) For purposes of this Section, “required minimum capital reserve” means the maximum amount permitted to be deposited in a special capital reserve fund (i.e., debt service reserve fund) by the Code, to permit the Bonds to be issued on a tax-exempt basis, if the Bonds were to be issued on a tax-exempt basis.

(b) As provided in the Act:

(i) In connection with the issuance of Bonds or to refund Bonds previously issued by Green Bank, Green Bank may create and establish one or more reserve funds for the Bonds to be known as a Special Capital Reserve Fund, and may pay into such fund (1) any moneys appropriated and made available by the State for purposes of such fund, (2) any proceeds of the sale of Bonds, to the extent provided in the resolution of Green Bank authorizing the issuance thereof, and (3) any other moneys which may be made available to Green Bank for the purpose of such fund from any other source or sources.

(ii) The moneys held in or credited to any such fund established under this Section, except as hereinafter provided, shall be used for (1) the payment of the principal of

and interest, when due, whether at maturity or by mandatory sinking fund installments, on Bonds of Green Bank secured by such fund as such payments become due, or (2) the purchase of such Bonds of Green Bank and the payment of any redemption premium required to be paid when such Bonds are redeemed prior to maturity, including in any such case by way of reimbursement of a provider of bond insurance or of a credit or liquidity facility that has paid such redemption premiums. Notwithstanding the provisions of subdivisions (1) and (2) of this subsection, Green Bank may provide that moneys in any such fund shall not be withdrawn therefrom at any time in such amount as would reduce the amount of such moneys to less than the maximum amount of principal and interest becoming due by reasons of maturity or a required sinking fund installment in the then current or any succeeding calendar year on the Bonds then Outstanding, or less than the required minimum capital reserve, except for the purpose of paying such principal of, redemption premium and interest on such Bonds of Green Bank secured by such special capital reserve becoming due and for the payment of which other moneys of Green Bank are not available. Green Bank may provide that it shall not issue Bonds secured by the Special Capital Reserve Fund at any time if the required minimum capital reserve on the Bonds then Outstanding and the Bonds then to be issued and secured by the same fund at the time of issuance exceeds the moneys in the fund, unless Green Bank, at the time of the issuance of such Bonds, deposits in such fund from the proceeds of the Bonds so to be issued, or from other sources, an amount which, together with the amount then in such fund, will be not less than the required minimum capital reserve.

(iii) Prior to December first, annually, Green Bank shall deposit, or cause to be deposited, into the Special Capital Reserve Fund, the balance of which has fallen below the required minimum capital reserve of such fund, the full amount required to meet the minimum capital reserve of such fund, as available to Green Bank from any resources of Green Bank not otherwise pledged or dedicated to another purpose, including any resources available in the Master Trust Indenture. On or before December first, annually, but after Green Bank has made such required deposit, the State shall deem to be appropriated from the State general fund such sums, if any, as shall be certified by the chairperson or vice-chairperson of Green Bank to the Secretary of the Office of Policy and Management, the State Treasurer and the joint standing committees of the General Assembly having cognizance of matters relating to finance, revenue and bonding and energy, as necessary to restore each such fund to the amount equal to the required minimum capital reserve of such fund, and such amounts shall be allotted and paid to Green Bank. For the purpose of evaluation of any such fund, Bonds acquired as an investment for any such fund shall be valued at market value as of the date of calculation. Nothing contained in this Section shall preclude Green Bank from establishing and creating other debt service reserve funds in connection with the issuance of bonds or notes of Green Bank which are not a special capital reserve fund. Subject to any agreement or agreements with holders of outstanding notes and bonds of Green Bank, any amount or amounts allotted and paid to Green Bank pursuant to this Section shall be repaid to the State from moneys of Green Bank at such time as such moneys are not required for any other of Green Bank's corporate purposes, and in any event shall be repaid to the State on the date one year after all bonds and notes of Green Bank theretofore issued on the date or dates such amount or amounts are allotted and paid to Green Bank or thereafter issued, together with interest on such bonds and notes, with interest on any unpaid installments of interest and all costs and expenses in connection with any action or proceeding by or on behalf of the holders thereof, are fully met and discharged.

(iv) No Bonds secured by the Special Capital Reserve Fund shall be issued by Green Bank under this Indenture unless Green Bank is of the opinion and determines that the revenues from the SHREC Receivables shall be sufficient to (1) pay the principal of and interest on the Bonds issued to finance the SHREC Receivables, (2) establish, increase and maintain any reserves deemed by Green Bank to be advisable to secure the payment of the principal of and interest on such Bonds, (3) pay the cost of maintaining the SHREC Receivables, and (4) pay such other costs of the SHREC Receivables as may be required.

(v) Notwithstanding the provisions of this Section, no Bonds secured by the Special Capital Reserve Fund shall be issued by Green Bank until and unless such issuance has been approved by the Secretary of the Office of Policy and Management or his or her deputy. Any such approval by the Secretary pursuant to this subsection shall be in addition to (1) the otherwise required opinion of sufficiency by Green Bank set forth in subsection (b)(v) of this Section, and (2) the approval of the State Treasurer or the Deputy State Treasurer and the documentation by Green Bank otherwise required under subsection (a) of Section 1-124 of the Connecticut General Statutes. Such approval may provide for the waiver or modification of such other requirements of this Section as the Secretary determines to be necessary or appropriate in order to effectuate such issuance, subject to all applicable tax covenants of Green Bank and the State.

(c) The Special Capital Reserve Fund established pursuant to Section 502 hereof shall comply with and be subject to the provisions of the Act as provided in this Section. Green Bank shall take all actions required under the Act to maintain the balance within the Special Capital Reserve Fund at an amount not less than the Special Capital Reserve Fund Requirement.

### **ARTICLE III**

#### **GENERAL TERMS AND CONDITIONS OF BONDS**

Section 301. Authorization. In addition to the provisions of Section 204 hereof, the Bonds issued hereunder shall contain on the face thereof a statement to the effect that neither the State of Connecticut nor any political subdivision thereof shall be obligated to pay the same or the interest thereon except from the Revenues or the other revenues thereof for which such Bonds are issued, and that neither the full faith and credit nor the taxing power of the State of Connecticut or of any political subdivision thereof is pledged to the payment of the principal of or the interest on such Bonds. The issuance of the Bonds under the provisions of this Section shall not directly, indirectly or contingently obligate the State or any political subdivision thereof to levy or to pledge any form of taxation or to make any appropriation for the payment of such Bonds.

Section 302. Place and Medium of Payment; Form. The Bonds shall be payable at the designated corporate trust office of the Trustee appointed or provided for such Bonds, in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts. The Bonds shall be issued in the form of fully registered bonds without coupons payable to a named person or registered assigns.

Section 303. Negotiability, Transfer and Registry.

(a) The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered Bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

(b) Principal and interest payments on, and redemption premium, if any, with respect to the Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. Purchases of the Bonds under the DTC system must be made by or through DTC participants, which will receive a credit for the Bonds on DTC's records.

Section 304. Regulations with Respect to Exchanges and Transfers. In all cases in which the privilege of exchange Bonds or the registration of transfer Bonds is exercised, Green Bank shall execute and the Trustee shall authenticate and deliver Bonds in accordance with the provision of this Indenture. All Bonds surrendered in such exchanges or registrations of transfer shall forthwith be canceled by the Trustee. For every such change or the registration of transfer of bonds whether temporary or definitive, Green Bank or the Trustee may, as a condition precedent to the privilege of making such change or transfer, make a charge sufficient to reimburse it for its expenses and for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer.

Section 305. Bonds Mutilated, Destroyed, Stolen or Lost. In any case any Bond shall become mutilated or be destroyed, stolen or lost, Green Bank shall execute, and thereupon the Trustee shall authenticate and deliver, a new Bond, with the same maturity date and in the same principal amount as the Bond so mutilated, destroyed, stolen or lost; provided that (i) in the case of a mutilated Bond, upon surrender and cancellation of such mutilated Bond, and (ii) in the case of any Bond destroyed, stolen or lost, upon filing with the Trustee of evidence satisfactory to Green Bank and the Trustee that such Bond has been destroyed, stolen or lost and proof of ownership thereof, and upon furnishing Green Bank and the Trustee with indemnity satisfactory to them and complying with such other reasonable regulations as Green Bank and the Trustee may prescribe and paying such expenses as Green Bank and Trustee may incur. All Bonds so surrendered to the Trustee shall be canceled by it. Any such new Bonds issued pursuant to this Section in substitution for mutilated Bonds or Bonds alleged to be destroyed, stolen or lost shall constitute original additional contractual Bonds on the part of Green Bank, whether or not the Bonds so alleged to be destroyed, stolen or lost be at any time enforceable by anyone, and shall be equally secured by and entitled to equal and proportional benefits with all other Bonds issued under this Indenture.

Section 306. Preparation of Definitive Bonds, Temporary Bonds.

(a) Until the definitive Bonds are prepared, Green Bank may execute, in the same manner as is provided in Section 307, and, upon the request of Green Bank, the Trustee shall authenticate and deliver, in lieu of definitive Bonds, but subject to the same provisions,

limitations and conditions as the definitive Bonds and as to interchangeability and registration of the transfer of Bonds, as permitted by law, one or more temporary Bonds substantially of the tenor of the definitive Bonds in lieu of which such temporary Bond or Bonds are issued in the same denomination as the definitive Bond, and with such omissions, insertions and variations as may be appropriate to temporary Bonds. Green Bank at its own expense shall prepare and execute and, upon the surrender therefor of such temporary Bonds the Trustee shall authenticate and, without charge to the holder thereof, deliver in exchange therefor, the definitive Bond of the same principal amount and maturity as the temporary Bonds surrendered. Until so exchanged the temporary Bonds shall in all respects be entitled to the same benefits and security as definitive Bonds authenticated and issued pursuant to this Indenture.

(b) All temporary Bonds surrendered in exchange either for another temporary Bond or Bonds or for a definitive Bond or Bonds shall be forthwith canceled by the Trustee.

#### Section 307. Execution and Authentication.

(a) After their authorization, Bonds may be executed by or on behalf of Green Bank and delivered to the Trustee for authentication. The Bonds shall be executed in the name and on behalf of Green Bank by the manual or facsimile signature of an Authorized Representative of Green Bank and the corporate seal of Green Bank (or a facsimile thereof) shall be thereunto affixed, imprinted, engraved or otherwise reproduced thereon, and attested by the manual or facsimile signature of another Authorized Representative of Green Bank, or in such other manner as may be required by law. In case any one or more of the officers or employees who shall have signed or sealed any of the Bonds shall cease to be such officer or employee before the Bonds so signed and sealed shall have been actually delivered, such Bonds may, nevertheless, be delivered as herein provided, and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such offices or be so employed. Any Bond may be signed and sealed on behalf of Green Bank by such persons as at the actual time of the execution of such Bond shall be duly authorized to hold the proper office in or employment by Green Bank, although at the date of the Bonds such person may not have been so authorized to have held such office or employment.

(b) The Bonds shall bear thereon a certificate of authentication, in the form set forth in the form of Bonds, executed manually by the Trustee. No Bond shall be entitled to any right or benefit under this Indenture or shall be valid or obligatory for any purpose until such certificate of authentication shall have been duly executed by the Trustee. Such certificate of the Trustee upon any Bond executed on behalf of Green Bank shall be conclusive evidence that the Bond so authenticated has been authenticated and delivered under this Indenture and that the owner thereof is entitled to the benefits hereof.

## **ARTICLE IV**

### **APPLICATION OF BOND PROCEEDS**

Section 401. Application of Bond Proceeds. The proceeds (including accrued interest) from the sale of the Bonds shall be applied simultaneously with the delivery of such Bonds for the purposes of paying Green Bank's current secured indebtedness in order to release the SHREC Receivables from the Related Secured Credit Facility, and making deposits in the Funds and Accounts, as shall be provided in a Certificate of Authorized Representative, and all amounts not otherwise deposited shall be deposited in the Revenue Fund.

## **ARTICLE V**

### **FUNDS AND ACCOUNTS**

Section 501. The Pledge Effected by this Indenture. All Bonds issued pursuant to this Indenture shall be special, limited obligations of Green Bank. Pursuant to the Granting Clauses set forth herein, Green Bank has pledged the Trust Estate as security for the payment of the Bonds and the performance of any other obligation of Green Bank under this Indenture, in accordance with the terms and the provisions of this Indenture, subject only to the provisions of this Indenture permitting the application thereof for or to the purposes and on the terms and conditions herein set forth. As provided in the Act: this pledge shall be valid and binding from the time when the pledge is made; the lien of this pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against Green Bank, irrespective of whether the parties have notice of the claims; notwithstanding any provision of the Uniform Commercial Code, no instrument by which such pledge is created need be recorded or filed except in the records of Green Bank; any revenues, contract or proceeds of any contract, or other property, revenues, moneys or funds so pledged and thereafter received by Green Bank shall be subject immediately to the lien of the pledge without any physical delivery thereof or further act, and such lien shall have priority over all other liens.

Section 502. Establishment of Funds and Accounts.

- (a) The following Funds and Accounts are hereby established:
  - (1) Revenue Fund
  - (2) Debt Service Fund
    - (a) Interest Account
    - (b) Principal Account
  - (3) Costs of Issuance Fund
  - (4) Special Capital Reserve Fund
  - (5) Redemption Fund
  - (6) 2020 SHREC Economic and Energy Security Fund



(b) In addition to the Accounts established in subsections (a) above, the Trustee shall, at the written request of Green Bank, establish such additional Funds, or within any Fund held by the Trustee such Accounts as shall be designated in the written instructions of an Authorized Representative of Green Bank and shall in like manner establish within any Account such subaccounts for the purposes of such Accounts as shall be so designated.

(c) Unless otherwise expressly provided in this Indenture, all of the Funds and Accounts shall be held by the Trustee.

#### Section 503. Revenue Fund.

(a) The Trustee shall establish, maintain and hold in trust a separate fund designated as the "Revenue Fund," and within said fund one or more separate accounts as directed by Green Bank from time to time, and administer said fund and such accounts as set forth in this Section. The Trustee shall deposit into the Revenue Fund, as and when such amounts are received, (i) all Revenues, (ii) all amounts delivered by or at the direction of Green Bank to the Trustee for deposit therein, and (iii) any other amounts required to be deposited therein pursuant to this Indenture.

(b) The Trustee shall use and withdraw amounts in the Revenue Fund on the second Business Day immediately preceding the first day of each calendar month and apply such amounts as follows:

FIRST: to the Interest Account in the Debt Service Fund, the amount necessary to make the payment of the next succeeding Interest Payment, plus any shortfall in any prior deposits to the Interest Account;

SECOND: to the Principal Account in the Debt Service Fund, the amount necessary to make the next succeeding Principal Payment, plus any shortfall in any prior deposits to the Principal Account;

THIRD: to the Special Capital Reserve Fund, the amount, if any, necessary to make the total on deposit equal the Special Capital Reserve Fund Requirement;

FOURTH: to the Redemption Fund, the amount, if any, required pursuant to Section 605 hereof; and

FIFTH: to the 2020 SHREC Economic Energy and Security Fund, the balance.

#### Section 504. Debt Service Fund.

(a) The Trustee shall pay from the moneys or deposits in the respective Accounts in the Debt Service Fund (i) on each Interest Payment Date, the amounts required for the payment of the Interest Payment due on such date, (ii) on each Principal Payment Date, the amounts required for the payment of the Principal Payment (including any Sinking Fund Installments) due on such date, and (iii) on any redemption date or date of purchase, the amounts required for the payment of accrued interest on Bonds to be redeemed or purchased on such date unless the payment of such accrued interest shall be otherwise provided. Forty-five (45) days

prior to each Interest Payment Date and Principal Payment Date, the Trustee shall determine whether the moneys or deposits in the respective Accounts within the Debt Service Fund are sufficient to make the next succeeding Interest Payment and Principal Payment. If such moneys or deposits are not sufficient to make such payments, the Trustee shall, no later than the next Business Day, provide a Notice to Green Bank that the Master Trustee under the Master Trust Indenture immediately withdraw and pay to the Trustee, no later than thirty (30) days after such Notice is given, for deposit into the Debt Service Fund, any and all amounts available under the Master Trust Indenture necessary to make the next succeeding Interest Payment and Principal Payment.

(b) The amounts accumulated in the Principal Account of the Debt Service Fund for each Sinking Fund Installment shall, if so directed in writing by an Authorized Representative, be applied (together with amounts with respect to interest on the Bonds for which such Sinking Fund Installment was established) by the Trustee prior to the forty-fifth (45<sup>th</sup>) day preceding the due date of such Sinking Fund Installment to the purchase of the Bonds and maturity for which such Sinking Fund Installment was established, at prices (including any brokerage and other charges) not exceeding the Redemption Price payable for such Bonds when such Bonds are redeemable by application of such Sinking Fund Installment, plus unpaid interest accrued to the date of purchase, such purchases to be made by the Trustee as directed in writing by an Authorized Representative.

(c) Upon the purchase of any Bond pursuant to subsection (b) of this Section, an amount equal to the principal amount of the Bond so purchased or redeemed shall be credited toward the next Sinking Fund Installment thereafter to become due and the amount of any excess of the amounts so credited over the amount of such Sinking Fund Installment shall be credited against future Sinking Fund Installments in direct chronological order.

(d) In connection with each Sinking Fund Installment, the Trustee shall provide notice of redemption to the Bondholders, pursuant to Section 604, of the Bonds for which such Sinking Fund Installment was established in such amount as shall be necessary to complete the retirement of the principal amount specified for such Sinking Fund Installment of the Bonds. The Trustee shall so call such Bonds for redemption whether or not it then has moneys in the Debt Service Fund sufficient to pay the applicable Redemption Price thereof on the redemption date.

#### Section 505. Costs of Issuance Fund.

(a) Upon the delivery of the Bonds, Green Bank shall, as provided in a Certificate of an Authorized Representative, pay to the Trustee, for deposit into the Costs of Issuance Fund, the Costs of Issuance.

(b) Moneys on deposit in the Costs of Issuance Fund shall, as provided in a Certificate of an Authorized Representative, be applied to pay the Persons entitled thereto the Costs of Issuance relating to the issuance of the Bonds. Any moneys remaining on hand in the Costs of Issuance Fund upon the earlier of (i) payment of all Costs of Issuance or (ii) one hundred twenty (120) days after the issuance of the Bonds, shall be transferred by the Trustee to the Revenue Fund.

Section 506. Special Capital Reserve Fund.

(a) Upon the delivery of the Bonds, Green Bank shall, as provided in a Certificate of an Authorized Representative, pay to the Trustee, for deposit into the Special Capital Reserve Fund, an amount equal to the Special Capital Reserve Fund Requirement.

(b) Amounts paid by Green Bank to the Trustee pursuant to the Master Trust Indenture shall, as provided in a Certificate of an Authorized Representative, be deposited by the Trustee into and credited to the Interest Account in the Debt Service Fund until such amount equals the amount required to pay the Interest Payment due on the next succeeding Interest Payment Date, then to the Principal Account in the Debt Service Fund until such amount equals the amount required to pay the Principal Payment due on the next succeeding Principal Payment Date, then to the Special Capital Reserve Fund to satisfy the Special Capital Reserve Fund Requirement; and any balance not so applied shall be transferred by the Trustee to the 2020 SHREC Economic Energy and Security Fund hereof, on the third Business Day after the immediately succeeding Principal Payment Date or Interest Payment Date.

(c) Green Bank shall, as provided in a Certificate of an Authorized Representative, pay to the Trustee upon receipt thereof any moneys allotted and paid to Green Bank by the State pursuant to the Act for the purpose of restoring the Special Capital Reserve Fund to the amount of the Special Capital Reserve Fund Requirement.

(d) If at any time any Principal Payment, including any Sinking Fund Installment, or any interest due thereon, or any Redemption Price of Bonds has become due and payable and payment thereof in full has not been made or provided for, the Trustee shall (i) forthwith withdraw from the Special Capital Reserve Fund an amount which together with other amounts available for such payment shall be sufficient to provide for such payment in full and apply the amount so withdrawn to such payment, and (ii) no later than the next Business Day after such withdrawal, provide a Notice to Green Bank that the Master Trustee under the Master Trust Indenture immediately withdraw and pay to the Trustee any and all amounts available under the Master Trust Indenture necessary to restore the Special Capital Reserve Fund to the amount of the Special Capital Reserve Fund Requirement no later than November 15 of any calendar year after such Notice is given.

(e) In the case of any purchase, redemption in whole or in part, or payment of principal at maturity, of any Bonds, Green Bank may, as provided in a Certificate of an Authorized Representative, direct the Trustee to apply moneys in the Special Capital Reserve Fund to the payment of the principal or Redemption Price of and interest on the Bonds being paid or redeemed up to the amount by which such amounts in the Special Capital Reserve Fund exceed the Special Capital Reserve Fund Requirement after giving effect to such purchase, redemption or payment.

(f) On December 1 of each year if:

- (1) the amount in the Special Capital Reserve Fund exceeds the Special Capital Reserve Fund Requirement, and

- (2) all withdrawals from the Special Capital Reserve Fund provided for in subsections (d) and (e) have been made, the Trustee shall withdraw the excess from the Special Capital Reserve Fund and deposit the amount so withdrawn into the 2020 SHREC Economic Energy and Security Fund hereof.

(g) Amounts in the Special Capital Reserve Fund shall be invested in Investment Securities maturing not later than the next succeeding Principal Payment Date or Interest Payment Date.

Section 507. Redemption Fund. There shall be deposited into the Redemption Fund amounts required to be deposited therein pursuant to Section 605 hereof. Amounts in the Redemption Fund may be applied as directed by Green Bank, as provided in a Certificate of an Authorized Representative, to the purchase of Bonds at prices not exceeding the Redemption Price thereof applicable on the next redemption date plus accrued interest to such next redemption date (such redemption date shall be the earliest date upon which Bonds are subject to redemption from such amounts) or to the redemption of Bonds pursuant to Article VI hereof.

Section 508. 2020 SHREC Economic and Energy Security Fund. The Trustee shall, no later than the second Business Day of each calendar month, transfer moneys credited to the 2020 SHREC Economic and Energy Security Fund to the Master Trustee under the Master Trust Indenture for deposit into the Revenue Fund of the Master Trust Indenture.

Section 509. Investment of Funds.

(a) Moneys held in the Funds and Accounts established hereunder shall, as provided in a Certificate of an Authorized Representative, be invested and reinvested by the Trustee to the fullest extent practicable in Investment Securities which mature not later than such times as shall be necessary to provide moneys when needed for payments to be made from such Funds and Accounts. The Trustee shall make all such investments of moneys held by it in accordance with the Certificate of an Authorized Representative, such instructions to specify the particular investment to be made. The Trustee shall bear no responsibility hereunder other than to follow the written instructions of Green Bank as provided in the Certificate of an Authorized Representative.

(b) Interest (net of that which represents a return of accrued interest paid in connection with the purchase of any investment) and other investment earnings (but not profits or losses) on any moneys or investments in the Funds and Accounts, other than the Special Capital Reserve Fund, shall be paid into the 2020 SHREC Economic Energy and Security Fund as and when received. Interest (net of that which represents a return of accrued interest paid in connection with the purchase of any investment) and other investment earnings (but not profits or losses) on any moneys or investments in the Special Capital Reserve Fund shall be paid into the Debt Service Fund.

(c) All Investment Securities acquired with moneys in any Fund or Account shall be held by the Trustee in favor of the Trustee.

(d) Nothing in this Indenture shall prevent any Investment Securities acquired as investments for Funds or Accounts held under this Indenture from being issued or held in book-entry form on the books of the United States Treasury.

Section 510. Valuation and Sale of Investments.

(a) Bonds purchased as an investment of moneys in any Fund or Account created under the provisions of this Indenture shall be deemed at all times to be a part of such Fund or Account and any profit realized from the liquidation of such investment shall be credited to such Fund or Account and any loss resulting from the liquidation of such investment shall be charged to such Fund or Account.

(b) In computing the amount in any Fund or Account created under the provisions of this Indenture for any purpose provided in this Indenture, Bonds purchased as an investment of moneys therein shall be valued at the cost of such Bonds or the market value thereof, whichever is lower; provided, however, that in the case of Bonds scheduled to mature, or subject to redemption at the option of the holder, in ten (10) years or less, such Investment Securities shall be valued at amortized cost; provided further, however, that funds held in the Special Capital Reserve Fund shall be valued at market price and Defeasance Obligations held in the Redemption Fund shall be valued at cost plus interest earned thereon. The accrued interest paid in connection with the purchase of any obligation shall be included in the value thereof until interest on such obligation is paid. Such computation shall be made by the Trustee as of July 1 of each year and on the date of the refunding of any Bonds and at such other times as Green Bank shall determine or as may be required by this Indenture.

(c) Except as otherwise provided in this Indenture, the Trustee shall sell or present for redemption, any obligation so purchased as an investment whenever it shall be directed in writing by Green Bank, as provided in a Certificate of an Authorized Representative. Whenever it shall be necessary in order to provide moneys to meet any payment or transfer from any Fund or Account held by the Trustee, the Trustee shall present for redemption such obligation or obligations designated by Green Bank, as provided in a Certificate of an Authorized Representative, or in the absence of such designation by Green Bank, as the Trustee shall elect, necessary to provide sufficient moneys for such payment or transfer. The Trustee shall not be liable or responsible for any loss, fee, tax or other charge resulting from the making of any such investment, reinvestment or the sale of any obligation pursuant to this Indenture.

Section 511. Financial and Other Reporting.

(a) Green Bank shall provide to the Trustee by December 31 of each year financial statements audited by an Accountant of all of the Revenues, expenses and accounts for the preceding Fiscal Year which shall be prepared in accordance with the provisions of generally accepted accounting principles related to accounting, auditing and financial reporting, and otherwise as required by the Connecticut General Statutes.

(b) The Trustee shall, upon becoming aware of a failure of Green Bank to comply with the above-referenced conditions, give notice of such non-compliance to Green Bank. Green

Bank shall comply with the provisions of this Section as soon as practicable but no later than thirty (30) days after receipt of such notice by Green Bank.

## ARTICLE VI

### REDEMPTION OF BONDS

The provisions contained in the following Sections of this Article VI are applicable to the Bonds.

Section 601. Privilege of Redemption and Redemption Price. Bonds subject to redemption prior to maturity shall be redeemable, upon notice as provided in this Article, at such times, at such Redemption Prices and upon such terms as may be specified in this Indenture.

Section 602. Redemption at the Election of Green Bank. In the case of any redemption of Bonds as provided in Section 204(c), Green Bank shall, as provided in a Certificate of an Authorized Representative, give written notice to the Trustee of the election so to redeem, of the redemption date, of the principal amounts of the Bonds to be redeemed (principal amounts thereof to be redeemed shall be determined by Green Bank in its sole discretion) and whether such notice and such redemption are unconditional or conditional on funds being available on the redemption date to pay the Redemption Price. Such notice shall be given to the Trustee at least twenty (20) days prior to the redemption date.

Section 603. Redemption Other Than at Green Bank Election. Whenever by the terms of this Indenture Bonds are required to be redeemed otherwise than at the election of Green Bank, the Trustee shall select the Bonds to be redeemed, in any manner which the Trustee may determine, give the notice of redemption and apply the moneys available therefor to redeem on the redemption date at the Redemption Price therefor, together with accrued interest to the redemption date, of the Bonds to be redeemed.

Section 604. Notice of Redemption. The Trustee shall give notice, in the name of Green Bank, of the redemption of such Bonds, which notice shall specify the Bonds to be redeemed, the redemption date and the place or places where amounts due upon such redemption will be payable and, if less than all of the Bonds are to be redeemed, the numbers or other distinguishing marks of such Bonds so to be redeemed. Such notice shall further state whether the notice and the redemption are unconditional or conditional; if unconditional, that on such date there shall become due and payable upon each Bond to be redeemed the Redemption Price thereof, together with interest accrued to the redemption date; if conditional, that on such date that, if there shall be sufficient funds available to effect such redemption on the redemption date, there shall become due and payable upon each Bond to be redeemed the Redemption Price thereof, together with interest accrued to the redemption date, and, in either case, that if there shall be sufficient funds available to effect such redemption on the redemption date, then from and after such date interest thereon shall cease to accrue and be payable. The Trustee shall mail a copy of such notice by first class mail, postage prepaid, not less than thirty (30) days before the redemption date, to the owners of the Bonds which are to be redeemed, at their last addresses appearing upon the registry books.

Section 605. Payment of Redeemed Bonds. Notice having been given in the manner provided in Section 604, if there shall be sufficient funds available to effect such redemption on the redemption date, the Bonds so called for redemption shall become due and payable on the redemption date so designated at the Redemption Price, plus interest accrued and unpaid to the redemption date, and, upon presentation and surrender thereof at the office specified in such notice such Bonds shall be paid at the Redemption Price plus interest accrued and unpaid to the redemption date. If, on the redemption date, moneys for the redemption of all the Bonds to be redeemed together with interest to the redemption date, shall be held by the Trustee as to be available therefor on said date and if notice of redemption shall have been given as aforesaid, then, from and after the redemption date interest on the Bonds so called for redemption shall cease to accrue and become payable. If said moneys shall not be so available on the redemption date, such Bonds or portions thereof shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

## **ARTICLE VII**

### **REPRESENTATIONS AND COVENANTS OF GREEN BANK**

Green Bank represents, covenants and agrees with the Trustee and the holders of the Bonds as follows:

Section 701. Payment of Bonds. Green Bank shall duly and punctually pay or cause to be paid, solely from the Trust Estate pledged hereunder for such payments, the Principal Payment or Redemption Price of every Bond and the Interest Payment thereon, at the dates and places and in the manner stated in the Bonds.

Section 702. Offices for Servicing Bonds. Green Bank shall at all times maintain an office or agency where Bonds may be presented for registration, transfer or exchange, and where notices, presentations and demands upon Green Bank in respect of the Bonds or of this Indenture may be served. Green Bank hereby appoints the Trustee as its agent to maintain such office or agency for the registration, transfer or exchange of the Bonds and for the service of such notices, presentations and demands upon Green Bank.

Section 703. Further Assurance. At any and all times, Green Bank shall, so far as each may be authorized by law, pass, make, do, execute, acknowledge and deliver, all and every such further resolutions, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable for the better assuring, conveying, granting, pledging, assigning and confirming all and singular, the rights, assets, revenues and other moneys, securities, funds and property hereby pledged or assigned, or intended so to be, or which Green Bank, may become bound to pledge or assign.

Section 704. Power to Issue Bonds and Pledge Revenues. Green Bank is duly authorized under the Act and all applicable laws to authorize and issue and deliver the Bonds. Green Bank is duly authorized to execute and enter into this Indenture and to pledge the Revenues and assets purported to be pledged and assigned hereby in the manner and to the extent herein provided. Except to the extent permitted under this Indenture, the Revenues and assets so

pledged and assigned are and will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge created hereby and all corporate or other action on the part of Green Bank to that end has been and will be duly and validly taken. The Bonds are and will be the valid and legally enforceable limited obligations of Green Bank in accordance with their terms and the terms of this Indenture. Green Bank shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of the Revenues and other assets, including rights herein pledged and assigned under this Indenture and all the rights of the Bondholders under this Indenture against all claims and demands of all persons whomsoever. Green Bank shall not take any action or permit any action to be taken (unless taken by the State), to dissolve Green Bank.

Section 705. Green Bank Not to Amend Master Trust Indenture. Green Bank agrees that it will not amend the Master Trust Indenture in any way that impairs the funding to and payments from the funds and accounts therein to the Trustee pursuant to Section 504(a) hereof without the prior written consent of the Secretary of the Office of Policy and Management and the State Treasurer, unless all of the Bonds, together with the interest thereon, and all costs and expenses in connection with any action or proceeding by or on behalf of such holders, are fully met and discharged.

Section 706. Accounts and Periodical Reports and Certificates. Green Bank shall keep or cause to be kept proper books of record and account (separate from all other records and accounts) in which complete and correct entries shall be made of its transactions under this Indenture and which, together with all other books and papers of Green Bank, shall at all reasonable times be subject to the inspection of the Trustee, the State or the representative, duly authorized in writing, of the holder or holders of not less than a majority of the principal amount of the Bonds then Outstanding. Green Bank shall use its best efforts to direct all payments on the SHREC Receivables to the Trustee for deposit into the Funds and Accounts under this Indenture, and if such payments are misdirected or erroneously deposited into another Green Bank fund or account, Green Bank shall promptly transfer the applicable amount to the Trustee for deposit hereunder.

Section 707. Indebtedness and Liens.

(a) Green Bank shall not issue any bonds, notes or other evidences of indebtedness, other than the Bonds, secured by a pledge of or other lien or charge on the Revenues and shall not create or cause to be created any lien or charge on such Revenues or on any amounts held by the Trustee, under this Indenture; but this Section shall not prevent Green Bank from issuing notes payable from the proceeds of the Bonds or bonds or notes or other Bonds for the corporate purposes of Green Bank payable out of, or secured by a pledge of, Revenues to be derived on and after such date as the pledge of the Revenues provided in this Indenture shall be discharged and satisfied as provided in Section 1101.

Section 708. Special Capital Reserve Fund.



(a) Green Bank shall at all times maintain the Special Capital Reserve Fund pursuant to Section 506 and do and perform or cause to be performed each and every act and thing with respect to the Special Capital Reserve Fund provided to be done or performed by or on behalf of Green Bank or the Trustee pursuant to Section 206 and the other terms and provisions of this Indenture, or of the Act.

(b) In order to better secure the Bonds issued under this Indenture as Bonds secured by the Special Capital Reserve Fund, and in furtherance of the provisions of the Act, Green Bank shall cause the Chair of its Board of Directors annually, on or before the first day of December of each year, to make and deliver to the Secretary of the Office of Policy and Management and the Treasurer of the State a certificate stating such sums, if any, and after the transfers contemplated by Sections 503 and 506 hereof, as shall be necessary to restore the Special Capital Reserve Fund to the Special Capital Reserve Fund Requirement, and accompany such certificate with a request that such sums be paid directly to the Trustee for the account of Green Bank for deposit into the Special Capital Reserve Fund.

Section 709. General. Green Bank shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of them under the provisions of the Act, the Bylaws and this Indenture in accordance with the terms of such provisions.

Section 710. Agreement of Green Bank. Green Bank agrees that it will not in any way impair the rights and remedies of Bondholders, until the Bonds, together with the interest thereon, and all costs and expenses in connection with any action or proceeding by or on behalf of such holders, are fully met and discharged.

Section 711. State Not to Impair Bonds of Green Bank. Pursuant to the Act, the State has pledged to and agreed with the Bondholders of Bonds issued under this Indenture pursuant to the Act, and with those parties who may enter into contracts with Green Bank or its successor agency pursuant to the Act, that the State will not limit or alter the rights vested in the Green Bank until such Bonds, together with the interest thereon, are fully met and discharged and such contracts are fully performed on the part of Green Bank, provided nothing contained in this Section shall preclude such limitation or alteration if and when adequate provisions shall be made by law for the protection of the Bondholders described in this Section or those entering into such contracts with Green Bank.

Section 712. Continuing Disclosure Requirements. Green Bank shall undertake all responsibility for compliance with continuing disclosure requirements related to the Bonds, and the Trustee shall have no liability to the Bondholders or any other Person with respect to such disclosure matters. Notwithstanding any other provision of this Indenture, failure of Green Bank to comply with the continuing disclosure requirements shall not be considered an Event of Default hereunder.

## ARTICLE VIII

### SUPPLEMENTS AND AMENDMENTS

Section 801. Supplements Not Requiring Consent of Bondholders. Green Bank and the Trustee may, without the consent of any of the Bondholders, enter into any Supplemental Indenture for one or more of the following purposes:

(a) To add to the covenants and agreements of Green Bank contained in this Indenture, other covenants and agreements thereafter to be observed relative to the application, custody, use and disposition of the proceeds of the Bonds; or

(b) To confirm, as further assurance, any pledge under and the subjection to any lien on or pledge of the Revenues created or to be created by this Indenture; or

(c) To cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in this Indenture, unless such modification would result in a material reduction of the rights or interests of the Bondholders under this Indenture; or

(d) To grant to or confer on the Trustee for the benefit of the Bondholders any additional rights, remedies, powers, or security that Green Bank may lawfully be granted or conferred and which are not contrary to or inconsistent with this Indenture as theretofore in effect; or

(e) To create any additional Funds or Accounts hereunder; or

(f) To modify, alter, amend or supplement any provision of this Indenture if, prior to the execution of any such amendment there shall be delivered to the Trustee an Opinion of Counsel to the effect that such amendment will not have a material adverse effect on the security, remedies or rights of the Bondholders.

Section 802. Supplements Requiring Consent of Bondholders.

(a) Other than Supplemental Indentures referred to in Section 801 hereof, Green Bank and the Trustee may, with the consent of the Bondholders of not less than a majority in aggregate principal amount of the Bonds then Outstanding and anything contained herein to the contrary notwithstanding, enter into one or more Supplemental Indentures as Green Bank shall deem necessary and desirable for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained herein; provided, however, that nothing in this Section shall permit or be construed as permitting a Supplemental Indenture which would:

(i) Extend the stated maturity of or time for paying interest on any Bond or reduce the principal amount of or the redemption premium or rate of interest or method of calculating interest payable on any Bond without the consent of the Bondholder of such Bond;

(ii) Modify, alter, amend, add to or rescind any of the terms or provisions contained in Article IX hereof so as to affect the right of the Bondholders of any Bonds in default as to payment to compel the Trustee to declare the principal of all Bonds to be due and payable, without the consent of the Bondholders of all Bonds then Outstanding; or

(iii) Reduce the aggregate principal amount of Bonds then Outstanding the consent of the Bondholders of which is required to authorize such Supplemental Indenture without the consent of the Bondholders of all Bonds then Outstanding.

(b) If at any time Green Bank shall request the Trustee to enter into a Supplemental Indenture pursuant to this Section, which request is accompanied by a copy of the resolution or other action of its Board of Directors certified by its secretary (or, if it has no secretary, its comparable officer) together with a copy of the proposed Supplemental Indenture, and if the Trustee shall receive an instrument or instruments, which instruments may be in electronic format, purporting to be executed by the Bondholders of not less than the aggregate principal amount of the Bonds specified in subsection (a) for the Supplemental Indenture in question, which instrument or instruments shall refer to the proposed Supplemental Indenture and shall specifically consent to and approve the execution thereof in substantially the form of the copy thereof as on file with the Trustee, the Trustee may execute such Supplemental Indenture in substantially such form, without liability or responsibility to any Bondholder of any Bond, whether or not such Bondholder shall have consented thereto.

(c) Any such consent shall be binding upon the Bondholder of the Bond giving such consent and upon any subsequent Bondholder of such Bond and of any Bond issued in exchange therefor (whether or not such subsequent Bondholder thereof has notice thereof), unless such consent is revoked in writing by the Bondholder of such Bond giving such consent or by a subsequent Bondholder thereof by filing with the Trustee, prior to the execution by the Trustee of such Supplemental Indenture, such revocation and, if such Bond or Bonds are transferable by delivery, proof that such Bonds are held by the signer of such revocation. At any time after the Bondholders of the required principal amount or number of Bonds shall have filed their consents to the Supplemental Indenture, the Trustee shall make and file with Green Bank a written statement to that effect. Such written statement shall be conclusive that such consents have been so filed.

(d) If the Bondholders of the required principal amount of the Outstanding Bonds shall have consented to and approved the execution of such Supplemental Indenture as herein provided, no Bondholder of any Bond shall have any right to object to the execution thereof, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or Green Bank from executing the same or from taking any action pursuant to the provisions thereof.

Section 803. Execution and Effect of Supplemental Indentures.

(a) In executing any Supplemental Indenture permitted by this Article, the Trustee shall be entitled to receive and to rely upon an Opinion of Counsel stating that the execution of such Supplemental Indenture is authorized or permitted hereby. The Trustee may but shall not be obligated to enter into any such Supplemental Indenture which materially and adversely affects the Trustee's own rights, duties or immunities.

(b) Upon the execution and delivery of any Supplemental Indenture in accordance with this Article, the provisions hereof shall be modified in accordance therewith and such Supplemental Indenture shall form a part hereof for all purposes and every Bondholder theretofore or thereafter authenticated and delivered hereunder shall be bound thereby.

(c) Any Bond authenticated and delivered after the execution and delivery of any Supplemental Indenture in accordance with this Article may, and, if required by Green Bank or the Trustee shall, bear a notation in form approved by the Trustee as to any matter provided for in such Supplemental Indenture. If Green Bank or the Trustee shall so determine, new Bonds so modified as to conform, as determined by the Trustee and Green Bank, to any such Supplemental Indenture may be prepared and executed by Green Bank and authenticated and delivered by the Trustee in exchange for and upon surrender of Bonds then Outstanding.

(d) The Trustee shall give notice, by first class mail, to the Bondholders then Outstanding of the execution and delivery of any Supplemental Indenture, setting forth the effective date of such Supplemental Indenture and a summary of the terms thereof (or, in lieu of such a summary, by attaching the form of such Supplemental Indenture to such notice).

## **ARTICLE IX**

### **DEFAULTS; REMEDIES ON DEFAULT**

Section 901. Events of Default. If one or more of the following events (in this Indenture called "Events of Default") shall occur:

(1) a failure to make due and punctual payment of a Principal Payment or the Redemption Price of any Bond when and as the same shall become due and payable, whether at maturity or upon call for redemption, or otherwise; or

(2) a failure to make due and punctual payment of any Interest Payment on any Bond, when and as such interest payment shall become due and payable; or

(3) with respect to Bonds secured by the Special Capital Reserve Fund, Green Bank shall fail or refuse to comply with the provisions of Sections 206 and 506 of this Indenture, or such amounts as shall be certified by the chairperson of Green Bank to the Secretary of the Office of Policy and Management and Treasurer of the State pursuant to such provisions of the Act shall not be allotted and paid by the State to Green

Bank for deposit therein and such allotment and payment is not made prior to the second day succeeding the final adjournment of (i) the session of the General Assembly of the State convening when such certification shall have been made or, if the General Assembly is not then in session, (ii) the first session of the General Assembly of the State convening after such certification shall have been made; or

(4) a failure by Green Bank in the performance or observance of any other of its covenants, agreements or conditions in this Indenture, and such default shall continue for a period of sixty (60) days after the giving of written notice thereof stating that such notice is a "Notice of Default" to Green Bank by the Trustee, or to Green Bank and to the Trustee by the holders of not less than a majority in principal amount of the Bonds Outstanding, except that, in each case, if such failure can be remedied but not within such 60-day period, such failure shall not become an Event of Default for so long as Green Bank shall commence such cure within such 60-day period and diligently proceeds to remedy the same within 180 days of the commencement of such cure.

Section 902. Remedies Upon Default.

(a) Upon the occurrence and continuance of any Event of Default, the Trustee may, and upon the written request of the Bondholders of not less than a majority in principal amount of the Bonds then Outstanding shall, subject to Section 906 hereof, proceed, in its own name, to protect and enforce the rights of the Bondholders by such of the following remedies, as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce such rights:

(1) by mandamus or other suit, action or proceeding at law or in equity, to enforce all rights of the Bondholders, including the right to require Green Bank to receive and collect the Revenues adequate to carry out the covenants and agreements as to the pledge of such Revenues, and to require Green Bank to carry out any other covenants or agreements with Bondholders and to perform its duties under the Act;

(2) by bringing suit upon the Bonds;

(3) by action or suit in equity, to require Green Bank to account as if it were the Trustee of an express trust for the Bondholders as provided in Section 903 hereof; and

(4) by action or suit in equity, to enjoin any acts or things which may be unlawful or in violation of the rights of the Bondholders.

Section 903. Accounting and Examination of Records After Default. Green Bank covenants that if an Event of Default shall happen and shall not have been remedied, Green Bank will account, as if it were the trustee of an express trust, for all Revenues and other moneys, securities and funds pledged or held under this Indenture for such period.

Section 904. Application of Revenues and Other Moneys After Default.

(a) Green Bank covenants that if an Event of Default shall occur and shall not have been remedied, Green Bank, upon demand of the Trustee, shall pay over or cause to be paid

over to the Trustee forthwith, any moneys, securities and funds then held by Green Bank and included in the Trust Estate hereof not already held in any Fund or Account established under this Indenture. Amounts on deposit in the Special Capital Reserve Fund shall be applied solely to the Bonds.

(b) During the continuance of an Event of Default, unless otherwise directed by the owners of a majority in principal amount of the Bonds at the time Outstanding, the Trustee shall apply such Revenues and the income therefrom as follows and in the following order:

- (1) to the payment of the reasonable and proper charges and expenses of the Trustee and its counsel;
- (2) to the payment of the interest and principal or Redemption Price then due on the Bonds, as follows:

- (i) unless the principal of all of the Bonds shall be due and payable,

First: To the payment to the Persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the Persons entitled thereto, without any priority or preference; and

Second: To the payment to the Persons entitled thereto of the unpaid principal or Redemption Price of any Bonds which shall have become due, whether at maturity or by call for redemption, in the order of their due dates, and, if the amount available shall not be sufficient to pay in full all the Bonds due on any date, then to the payment thereof ratably, according to the amounts of principal or Redemption Price due on such date, to the Persons entitled thereto, without any priority or preference.

- (ii) If the principal of all of the Bonds shall be due and payable, to the payment of the principal and interest then due and unpaid upon the Bonds without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal, interest and net interest on notional amounts, to the Persons entitled thereto, without any priority or preference.

(c) if and when all overdue installments of interest on all Bonds, together with the reasonable and proper charges and expenses of the Trustee and its counsel, and all other sums payable by Green Bank under this Indenture, including the principal and Redemption Price of and accrued unpaid interest on all Bonds which shall then be payable by declaration or

otherwise, shall either be paid by or for the account of Green Bank, and all defaults under this Indenture or the Bonds shall be made good or secured, the Trustee shall pay over to Green Bank all such Revenues then remaining unexpended in the hands of the Trustee (except Revenues deposited or pledged, or required by the terms of this Indenture to be deposited or pledged, with the Trustee), and thereupon Green Bank and the Trustee shall be restored, respectively, to their former positions and rights under this Indenture, and all Revenues shall thereafter be applied as provided in Article V. No such payment over to Green Bank by the Trustee or resumption of the application of Revenues as provided in Article V shall extend to or affect any subsequent default under this Indenture or impair any right consequent thereon.

Section 905. Proceedings Brought by Trustee.

(a) If an Event of Default shall occur and shall not have been remedied, then and in every such case, the Trustee, by its agents and attorneys, may proceed to protect and enforce its rights and the rights of the holders of the Bonds under this Indenture forthwith by a suit or suits in equity or at law, whether for the specific performance of any covenant herein contained, or in aid of the execution of any power herein granted, or for an accounting against Green Bank as if it were the trustee of an express trust, or in the enforcement of any other legal or equitable right as the Trustee, being advised by counsel, shall deem most effectual to enforce any of its rights or to perform any of its duties under this Indenture.

(b) All rights of action under this Indenture may be enforced by the Trustee without the possession of any of the Bonds or the production thereof at the trial or other proceedings, and any such suit or proceedings instituted by the Trustee shall be brought in its name.

(c) The holders of a majority in principal amount of the Bonds at the time Outstanding, may direct by instrument in writing the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, provided that the Trustee shall have the right to decline to follow any such direction if the Trustee shall be advised by counsel that the action or proceeding so directed may not lawfully be taken, or if the Trustee in good faith shall determine that the action or proceeding so directed would subject the Trustee to personal liability or be unjustly prejudicial to the Bondholders not parties to such direction.

(d) Upon commencing a suit in equity or upon other commencement of judicial proceedings by the Trustee to enforce any right under this Indenture, the Trustee shall be entitled to exercise any and all rights and powers conferred in this Indenture and provided to be exercised by the Trustee upon the occurrence of an Event of Default; and, as a matter of right against Green Bank, without notice or demand and without regard to the adequacy of the security for the Bonds, the Trustee shall, to the extent permitted by law, be entitled to the appointment of a receiver of the moneys, securities and funds then held by Green Bank in any Fund or Account established under this Indenture and, subject to application of the Revenues, with all such powers as the court or courts making such appointment shall confer; but notwithstanding the appointment of any receiver, the Trustee shall be entitled to retain possession and control of and to collect and receive income from, any moneys, securities and funds deposited or pledged with

it under this Indenture or agreed or provided to be delivered or pledged with it under this Indenture.

(e) Regardless of the happening of an Event of Default, the Trustee shall have the power to, but (unless requested in writing by the holders of a majority in principal amount of the Bonds then Outstanding, and furnished with security and indemnity satisfactory to it) shall be under no obligation to, institute and maintain such suits and proceedings as it may be advised shall be necessary or expedient to prevent any impairment of the security under this Indenture by any acts which may be unlawful or in violation of this Indenture, and such suits and proceedings as the Trustee may be advised shall be necessary or expedient to preserve or protect its interests and the interests of the Bondholders.

Section 906. Restriction on Bondholders' Action.

(a) No holder of any Bond shall have any right to institute any suit, action or proceeding at law or in equity for the enforcement of any provision of this Indenture or the execution of any trust under this Indenture or for any remedy under this Indenture, unless such holder shall have previously given to the Trustee written notice of the happening of an Event of Default, as provided in this Article, and the holders of at least a majority in principal amount of the Bonds then Outstanding shall have filed a written request with the Trustee, and shall have offered it reasonable opportunity, either to exercise the powers granted in this Section or to institute such action, suit or proceeding in its own name, and unless such holders shall have offered to the Trustee security and indemnity acceptable to the Trustee against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused to comply with such request within a reasonable time; it being understood and intended that no one or more holders of Bonds shall have any right in any manner whatever by his/her or their action to affect, disturb or prejudice the pledge created by this Indenture, or to enforce any right under this Indenture, except in the manner therein provided; and that all proceedings at law or in equity to enforce any provision of this Indenture shall be instituted, had and maintained in the manner provided in this Indenture and for the equal benefit of all holders of the Outstanding Bonds.

(b) Nothing in this Indenture or in the Bonds contained shall affect or impair the obligation of Green Bank, which is absolute and unconditional, to pay at the respective dates of maturity and places therein expressed the principal of and interest on the Bonds to the respective holders thereof from the Trust Estate, or affect or impair the right of action, which is also absolute and unconditional, of any holder to enforce such payment of the Bonds. Notwithstanding the preceding sentence and anything in this Indenture or in the Bonds contained, Green Bank shall not be required to advance any moneys derived from any source other than the Revenues and assets pledged under this Indenture for any of the purposes in this Indenture mentioned whether for the payment of the principal of or the Redemption Price, if any, or interest on the Bonds or for any other purpose of this Indenture.

Section 907. Remedies Not Exclusive. No remedy by the terms of this Indenture conferred upon or reserved to the Trustee or the Bondholders is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Indenture or existing at law or in equity or by statute on or after the date of adoption of this Indenture.



Section 908. Effect of Waiver and Other Circumstances.

(a) No delay or omission of the Trustee or of any Bondholder to exercise any right or power arising upon the happening of an Event of Default shall impair any right or power or shall be construed to be a waiver of any such default or to be an acquiescence therein; and every power and remedy given by this Article to the Trustee or to the Bondholders may be exercised from time to time and as often as may be deemed expedient by the Trustee or by the Bondholders.

(b) The holders of a majority in principal amount of the Bonds at the time Outstanding, or their attorneys-in-fact duly authorized, may on behalf of the holders of all of the Bonds waive any past default under this Indenture and its consequences, except a default in the payment of interest on or principal or Redemption Price of the Bonds. No such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

Section 909. State Right to Act. With respect to any right of the Trustee to take action pursuant to this Article, the State (acting through the office of the State Treasurer) may act for and on behalf of the Trustee, at the option of the State, so long as any Bonds are secured by the Special Capital Reserve Fund; otherwise the State shall be deemed to have given its right to act to the Trustee.

## **ARTICLE X**

### **THE TRUSTEE**

Section 1001. Concerning the Trustee; Acceptance of Trustee. The Trustee hereby accepts and agrees to execute the trusts imposed upon it by this Indenture, but only upon the terms and conditions set forth in this Article and subject to the provisions of this Indenture, to all of which the parties hereto and the respective owners of the Bonds agree.

Section 1002. Obligation of Trustee. The Trustee shall be under no obligation to institute any suit, or to take any action or proceeding under this Indenture or to enter any appearance or in any way defend in any suit in which it may be made defendant, or to take any steps in the execution of the trusts hereby created or in the enforcement of any rights and powers hereunder, including, without limitation, pursuant to the direction of, or on behalf of, any of the Bondholders, until it shall be paid or reimbursed or indemnified to its satisfaction against any and all reasonable costs and expenses, outlays, liabilities, damages and counsel fees and expenses and other reasonable disbursements. The Trustee may nevertheless begin suit, or appear in and defend suit, or do anything else in its judgment proper to be done by it as the Trustee, and in such case Green Bank shall reimburse the Trustee for all costs and expenses, outlays, liabilities, damages and counsel fees and expenses and other reasonable disbursements properly incurred in connection therewith. If Green Bank shall fail to make such reimbursement, the Trustee may reimburse itself from any moneys in its possession under the provisions of this Indenture (other than any money on deposit in any irrevocable trust or escrow fund established with respect to any defeased Bonds) upon notice to Green Bank of its intention to reimburse

itself and the Trustee shall have a lien upon such moneys senior to the rights of the Bondholders and shall be entitled to a preference therefor over any of the Bonds Outstanding hereunder.

Section 1003. Responsibilities of Trustee.

(a) The recitals contained in this Indenture, any Supplemental Indenture and in the Bonds shall be taken as the statements of Green Bank and the Trustee assumes no responsibility for the correctness of the same. The Trustee makes no representations as to the validity or sufficiency of this Indenture, any Supplemental Indenture or of the Bonds or in respect of the security afforded by this Indenture or any Supplemental Indenture and the Trustee shall incur no responsibility in respect thereof. The Trustee shall be under no responsibility or duty with respect to: (i) the issuance of the Bonds for value; or (ii) the application of the proceeds thereof except to the extent that such proceeds are received by it in its capacity as Trustee; or (iii) the application of any moneys paid to Green Bank or others in accordance with this Indenture except as to the application of any moneys paid to it in its capacity as Trustee; or (iv) the recording or rerecording, registration or reregistration, filing or refiling of this Indenture or any security documents contemplated thereby; or (v) the validity of the execution by Green Bank of this Indenture; or (vi) compliance by Green Bank with the terms of this Indenture. The Trustee may require of Green Bank full information and advice regarding the performance of the covenants, conditions and agreements contained in this Indenture. The Trustee shall not be liable in connection with the performance of its duties hereunder except for its own negligence or misconduct.

(b) Except as otherwise provided in this Indenture, the Trustee shall not be bound to recognize any person as a holder of any Bond or to take action at such person's request, unless such person shall be the Bondholder of such Bond. Any action duly taken by the Trustee pursuant to this Indenture upon the request, authority or consent of any person who at the time of making such request or giving such authority or consent is the Bondholder of any Bond secured hereby shall be conclusive and binding upon all future Bondholders of such Bond.

(c) The duties and obligations of the Trustee shall be determined by the express provisions of this Indenture, and the Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Indenture and no duties or obligations shall be implied to the Trustee. In the case of an Event of Default specified in Article IX hereof, which Event of Default has not been cured or waived and of which the Trustee is deemed to have knowledge, the Trustee shall exercise such of the rights and powers vested in it by this Indenture and shall use the same degree of care and skill in its exercise thereof as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs.

(d) The Trustee shall not be charged with knowledge of any event hereunder unless an officer or administrator in the Trustee's corporate trust department has actual knowledge of such event.

(e) In the absence of bad faith on its part, the Trustee may rely conclusively, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture; but in the

case of any such certificates or opinions which by any provision hereof are required specifically to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Indenture.

(f) Except as otherwise expressly provided by the provisions of this Indenture, the Trustee shall not be obligated and may not be required to give or furnish any notice, demand, report, request, reply, statement, advice or opinion to the Bondholder of any Bond and the Trustee shall not incur any liability for its failure or refusal to give or furnish the same unless obligated or required to do so by an express provision hereof. The Trustee shall not be liable for any action taken or omitted by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture. The Trustee shall incur no liability in respect of any action taken or omitted by it in good faith in accordance with the direction of the Bondholder of the percentage of the Bonds specified herein relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred upon the Trustee under this Indenture.

(g) In the event the Trustee shall receive inconsistent or conflicting requests and indemnity from two or more groups of Bondholders, each representing less than a majority of the principal amount of the Bonds then Outstanding, the Trustee, in its sole discretion, may determine what action, if any, shall be taken.

(h) The Trustee shall not be liable for interest on any funds deposited with it hereunder, except as the Trustee may otherwise specifically agree in writing.

Section 1004. Property Held in Trust. All moneys and securities held by the Trustee at any time pursuant to the terms of this Indenture shall be and hereby are assigned, transferred and set over unto the Trustee in trust for the purposes and under the terms and conditions of this Indenture.

Section 1005. Evidence on Which Trustee May Act. The Trustee shall be protected in acting upon any notice, resolution, request, consent, order, certificate, report, opinion, bond or other paper or document believed by it to be genuine, and to have been signed or presented by the proper party or parties. The Trustee may consult with counsel of its selection, who may or may not be counsel to Green Bank, and may rely on an opinion of such counsel. Any such opinion of counsel shall be full and complete authorization and protection in respect of any action taken or suffered, or any action not taken, by it in good faith and in accordance therewith, and the Trustee shall not be liable for any action taken or omitted in good faith in reliance on such opinion of counsel. Whenever the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering or not taking any action under this Indenture, such matter (unless other evidence in respect thereof be hereby specifically prescribed) may be deemed to be conclusively proved and established by a certificate signed by an Authorized Representative of Green Bank. Such certificate shall be full warrant for any action taken or suffered, or any action not taken, in good faith under the provisions hereof, but the Trustee may (but shall not be required to) in addition thereto or in lieu thereof require or accept other evidence of such fact or matter or may require such further or additional evidence as it may deem reasonable. Except as otherwise expressly provided herein, any request, order, notice or other direction required or permitted to be furnished pursuant to any provision hereof by Green Bank

to the Trustee shall be sufficiently executed if executed in the name of Green Bank by an Authorized Representative.

Section 1006. Compensation and Indemnification. Unless otherwise provided by contract with the Trustee, Green Bank shall pay or cause to be paid to the Trustee after reasonable notice to Green Bank in light of the compensation sought to be received, reasonable compensation for all services rendered by it hereunder, including, if applicable, its services as registrar, paying agent and transfer agent, and also all its reasonable expenses, charges, counsel fees, expenses and other disbursements and those of its attorneys, agents, and employees, incurred in and about the performance of its powers and duties hereunder. Green Bank shall indemnify and save the Trustee harmless against any expenses and liabilities which it may incur in the exercise and performance of its powers and duties hereunder which are not due to its negligence or misconduct. None of the provisions contained in this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers. The obligations of Green Bank under this Section to compensate the Trustee, to pay or reimburse the Trustee for expenses, disbursements, charges and counsel fees and to indemnify and hold harmless the Trustee shall survive the satisfaction and discharge of this Indenture. The Trustee may, upon written notice to Green Bank, reimburse itself from any moneys in its possession under the provisions of this Indenture (other than any money on deposit in any irrevocable trust or escrow fund established with respect to any defeased Bonds) and shall have a lien upon such moneys subordinate to any interest of the Bondholders therein.

Section 1007. Permitted Acts. The Trustee may become the owner of or may deal in Bonds or may deal with Green Bank as fully and with the same rights as if it were not the Trustee. The Trustee may act as depository for, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, Green Bank or any committee formed to protect the rights of Bondholders or to effect or aid in any reorganization growing out of the enforcement of the Bonds or this Indenture, whether or not such committee shall represent the owners of a majority in principal amount of the Outstanding Bonds in respect of which any such action is taken.

Section 1008. Resignation of Trustee. The Trustee, or any successor thereof, may at any time resign and be discharged of its duties and obligations hereunder by giving not less than thirty (30) days' written notice to Green Bank and the Bondholders, specifying the date when such resignation shall take effect, provided such resignation shall not take effect until a successor shall have been appointed by Green Bank or a court of competent jurisdiction as provided in Section 1010 and shall have accepted such appointment.

Section 1009. Removal of Trustee. The Trustee, or any successor thereof, may be removed with or without cause at any time by Green Bank, if no Event of Default under this Indenture shall have occurred and be continuing, or upon an Event of Default under this Indenture by the owners of a majority in principal amount of Outstanding Bonds, excluding any Bonds held by or for the account of Green Bank, by an instrument or concurrent instruments in writing signed and acknowledged by such Bondholders or by their attorneys-in-fact duly authorized and delivered to Green Bank, provided that such removal shall not take effect until a successor is appointed. Such removal shall take effect upon the date a successor shall have been

appointed by Green Bank or a court of competent jurisdiction as provided in Section 1010 and shall have accepted such appointment. Copies of each instrument providing for any such removal shall be delivered by Green Bank to the Trustee and any successor thereof.

Section 1010. Successor Trustee. (a) In case the Trustee, or any successor thereof, shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee or of its property shall be appointed, or if any public officer shall take charge or control of the Trustee, or of its property or affairs, Green Bank shall forthwith appoint a Trustee to act. Notice of any such appointment shall be delivered by Green Bank to the Trustee so appointed and the predecessor Trustee. Green Bank shall give or cause to be given written notice of any such appointment to the Bondholders.

(b) If in a proper case no appointment of a successor shall be made within forty-five (45) days after the giving of written notice in accordance with Section 1008 or after the occurrence of any other event requiring or authorizing such appointment, the Trustee or any Bondholder may apply to any court of competent jurisdiction for the appointment of such a successor, and such court may thereupon, after such notice, if any, as such court may deem proper, appoint such successor.

(c) Any successor appointed under the provisions of this Section shall be a bank or trust company or national banking association which is able to accept the appointment on reasonable and customary terms and authorized by law to perform all the duties required by this Indenture, which is approved by Green Bank (unless an Event of Default under Section 901 exists, in which case a successor shall be appointed by the owners of a majority in principal amount of Outstanding Bonds or by a court pursuant to the above paragraph, or unless a successor is appointed by a court pursuant to the above paragraph) and which has a combined capital and surplus aggregating at least \$50,000,000 (or such other financial resources acceptable to Green Bank in its sole discretion), if there be such a bank or trust company or national banking association willing to serve as Trustee hereunder.

Section 1011. Transfer of Rights and Property to Successor Trustee. Any successor Trustee appointed under the provisions of Section 1010 shall execute, acknowledge and deliver to its predecessor, and also to Green Bank, an instrument accepting such appointment, and thereupon such successor, without any further act, deed or conveyance shall become fully vested with all moneys, estates, properties, rights, powers, duties and Bonds of its predecessor hereunder, with like effect as if originally appointed as Trustee. However, the Trustee then ceasing to act shall nevertheless, on request by Green Bank or of such successor, execute, acknowledge and deliver such instruments of conveyance and further assurance and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor all the right, title and interest of such Trustee in and to any property held by it hereunder, and upon payment of its fees and expenses shall pay over, assign and deliver to such successor any moneys or other properties subject to the trusts and conditions herein set forth and subject to any indemnification rights of the Trustee hereunder. Should any deed, conveyance or instrument in writing from Green Bank be required by such successor for more fully and certainly vesting in and confirming to it any such moneys, estates, properties, rights, powers, duties or obligations, any and all such deeds, conveyances and instruments in writing shall, on

request, and so far as may be authorized by law, be executed, acknowledged and delivered by Green Bank.

Section 1012. Merger or Consolidation of the Trustee. Any company into which the Trustee may be merged or with which it may be consolidated or any company resulting from any merger or consolidation to which it shall be a party or any company to which such Trustee may sell or transfer all or substantially all of its corporate trust business, provided such company shall be a bank or trust company or national banking association qualified to be a successor to such Trustee under the provisions of Section 1010 (except that the approval of Green Bank shall not be required), shall be the successor to such Trustee, without any further act, deed or conveyance.

Section 1013. Several Capacities. Anything in this Indenture to the contrary notwithstanding, the same entity may serve hereunder as the Trustee and in any other capacities, to the extent permitted by law. The Trustee is hereby appointed to serve initially in the capacity of Trustee.

Section 1014. Co-Trustees.

(a) With the consent of Green Bank, for the purpose of meeting the legal requirements of any applicable jurisdiction, the Trustee shall have power to appoint one or more persons to act as co-trustee under this Indenture, with such powers as may be provided in the instrument of appointment, and to vest in such person or persons any property, title, right or power deemed necessary or desirable, subject to the remaining provisions of this Section.

(b) Each co-trustee shall, to the extent permitted by applicable law, be appointed subject to the following terms:

(i) The rights, powers, duties and obligations conferred or imposed upon any such trustee shall not be greater than those conferred or imposed upon the Trustee, and such rights and powers shall be exercisable only jointly with the Trustee, except to the extent that, under any law of any jurisdiction in which any particular act or acts are to be performed, the Trustee shall be incompetent or unqualified to perform such act or acts, in which event such rights and powers shall be exercised by such co-trustee subject to the provisions of subsection (b) (iv) of this Section.

(ii) The Trustee may at any time, by an instrument in writing executed by it and with written notice to Green Bank, accept the resignation of or remove any co-trustee appointed under this Section.

(iii) No co-trustee under this Indenture shall be liable by reason of any act or omission of any other co-trustee appointed under this Indenture.

(iv) No power given to such co-trustee shall be separately exercised hereunder by such co-trustee except with the consent in writing of the Trustee, anything herein contained to the contrary notwithstanding.

Section 1015. Trustee May Fix Record Date. The Trustee may, but shall not be obligated to, fix a record date for the purpose of determining the Bondholders entitled to give their consent

or take any other action pursuant to this Indenture. If a record date is fixed, then at such record date only those persons (or their duly designated proxies), shall be entitled to give such consent or to revoke any consent previously given or to take any such action, whether or not such persons continue to be Bondholders after such record date. No such consent shall be valid or effective for more than one hundred twenty (120) days after such record date.

Section 1016. When Bonds Disregarded. In determining whether the Bondholders of the required principal amount of Bonds have concurred in any direction, waiver or consent, Bonds owned by Green Bank or by any entity directly or indirectly controlling or controlled by or under direct or indirect common control with Green Bank shall be disregarded and deemed not to be Outstanding, except that, for the purpose of determining whether the Trustee shall be protected in relying on any such direction, waiver or consent, only Bonds which the Trustee knows are so owned shall be so disregarded. Also, subject to the foregoing, only Bonds Outstanding at the time shall be considered in any such determination.

Section 1017. Compliance with CGS Section 4a-60 and 4a-60a.

(a) CGS Section 4a-60. In accordance with Connecticut General Statutes Section 4a-60(a), as amended, and to the extent required by Connecticut law, the Trustee agrees and warrants as follows: (1) in the performance of this Indenture it will not discriminate or permit discrimination against any person or group of persons on the grounds of race, color, religious creed, age, marital status, national origin, ancestry, sex, gender identity or expression, status as a veteran, intellectual disability, mental disability or physical disability, including, but not limited to, blindness, unless it is shown by the Trustee that such disability prevents performance of the work involved, in any manner prohibited by the laws of the United States or of the State of Connecticut and further to take affirmative action to insure that applicants with job-related qualifications are employed and that employees are treated when employed without regard to their race, color, religious creed, age, marital status, national origin, ancestry, sex, gender identity or expression, status as a veteran, intellectual disability, mental disability or physical disability, including, but not limited to, blindness, unless it is shown by the Trustee that such disability prevents performance of the work involved; (2) in all solicitations or advertisements for employees placed by or on behalf of the Trustee, to state that it is an “affirmative action-equal opportunity employer” in accordance with regulations adopted by the Commission on Human Rights and Opportunities (the “CHRO”); (3) to provide each labor union or representative of workers with which the Trustee has a collective bargaining agreement or other contract or understanding and each vendor with which the Trustee has a contract or understanding, a notice to be provided by the CHRO advising the labor union or workers’ representative of the Trustee’s commitments under Connecticut General Statutes Section 4a-60, and to post copies of the notice in conspicuous places available to employees and applicants for employment; (4) to comply with each provision of Connecticut General Statutes Sections 4a-60, 46a-68e and 46a-68f and with each regulation or relevant order issued by the CHRO pursuant to Connecticut General Statutes Sections 46a-56, 46a-68e, 46a-68f and 46a-86; (5) to provide the CHRO with such information requested by the CHRO, and permit access to pertinent books, records and accounts, concerning the employment practices and procedures of the Trustee as relate to the provisions of Connecticut General Statutes Sections 4a-60a and 46a-56; and (6) to include provisions (1) through (5) of this section in every subcontract or purchase order entered into by the Trustee in order to fulfill any obligation of this Indenture, and such provisions shall

be binding on a subcontractor, vendor or manufacturer unless exempted by regulations or order of the CHRO and take such action with respect to any such subcontract or purchase order as the CHRO may direct as a means of enforcing such provisions in accordance with Connecticut General Statutes Section 4a-60.

(b) CGS Section 4a-60a. In accordance with Connecticut General Statutes Section 4a-60a(a), as amended, and to the extent required by Connecticut law, the Trustee agrees and warrants as follows: (1) that in the performance of this Indenture, the Trustee will not discriminate or permit discrimination against any person or group of persons on the grounds of sexual orientation, in any manner prohibited by the laws of the United States or of the State of Connecticut, and that employees are treated when employed without regard to their sexual orientation; (2) to provide each labor union or representative of workers with which the Trustee has a collective bargaining agreement or other contract or understanding and each vendor with which the Trustee has a contract or understanding, a notice to be provided by the CHRO advising the labor union or workers' representative of the Trustee's commitments under Connecticut General Statutes Section 4a-60a, and to post copies of the notice in conspicuous places available to employees and applicants for employment; (3) to comply with each provision of Connecticut General Statutes Section 4a-60a and with each regulation or relevant order issued by the CHRO pursuant to Connecticut General Statutes Section 46a-56; (4) to provide the CHRO with such information requested by the CHRO, and permit access to pertinent books, records and accounts, concerning the employment practices and procedures of the Trustee which relate to the provisions of Connecticut General Statutes Sections 4a-60a and 46a-56; and (5) to include provisions (1) through (4) of this section in every subcontract or purchase order entered into by the Trustee in order to fulfill any obligation of this Indenture, and such provisions shall be binding on a subcontractor, vendor or manufacturer unless exempted by regulations or orders of the CHRO and take such action with respect to any such subcontract or purchase order as the CHRO may direct as a means of enforcing such provisions in accordance with Connecticut General Statutes Section 4a-60a.

(c) Required Submissions. The Trustee agrees and warrants that (1) it has delivered to Green Bank an affidavit signed under penalty of false statement by a chief executive officer, president, chairperson, member, or other corporate officer duly authorized to adopt corporate or company policy in the form as required under the Connecticut General Statutes; (2) if there is a change in the information contained in the most recently filed affidavit, the Trustee will submit an updated affidavit not later than the earlier of the execution of a new contract with the State or a political subdivision of the State or thirty days after the effective date of such change; and (3) the Trustee will deliver an affidavit to Green Bank annually, not later than fourteen days after the twelve-month anniversary of the most recently filed affidavit, stating that the affidavit on file with Green Bank is current and accurate.

Section 1018. Compliance with CGS Section 9-612(g)(2). For all State contracts as defined in Public Act 07-1 having a value in a calendar year of \$50,000 or more or a combination or series of such agreements or contracts having a value of \$100,000 or more, the Trustee's authorized signatory to this Indenture expressly acknowledges receipt of the State Elections Enforcement Commission's notice advising State contractors of State campaign contribution and solicitation prohibitions, and will inform its principals of the contents of the notice.



## ARTICLE XI

### SATISFACTION AND DISCHARGE OF INDENTURE

Section 1101. Payment of Bonds; Defeasance. If (i) Green Bank shall deliver to the Trustee for cancellation all Bonds theretofore authenticated (other than any Bonds which shall have been mutilated, destroyed, lost or stolen and which shall have been replaced or paid) and not theretofore cancelled, or (ii) upon payment of all Bonds not theretofore cancelled or delivered to the Trustee for cancellation, or (iii) Green Bank shall deposit with the Trustee as trust funds cash or Defeasance Obligations or both, sufficient to pay at maturity or upon redemption all Bonds not theretofore cancelled or delivered to the Trustee for cancellation, including without limitation principal and interest due or to become due to such date of maturity or redemption date, as the case may be, and if in any case Green Bank shall also pay or cause to be paid all other sums payable hereunder by Green Bank, then this Indenture shall cease to be of further effect, and the Trustee, on demand of Green Bank and at the cost and expense of Green Bank, shall execute proper instruments acknowledging satisfaction of and discharging this Indenture. Green Bank shall cause a report to be prepared by a firm nationally recognized for providing verification services regarding the sufficiency of funds for such discharge and satisfaction, upon which report the Trustee may rely. Green Bank hereby agrees to reimburse the Trustee for any costs or expenses theretofore and thereafter reasonably and properly incurred by the Trustee in connection with this Indenture or such Bonds.

Section 1102. Payment of Bonds after Discharge of Lien. Notwithstanding the discharge of the lien hereof as in this Article, the Trustee shall nevertheless retain such rights, powers and duties hereunder as may be necessary and convenient for the payment of amounts due or to become due on the Bonds and the registration, transfer, exchange and replacement of Bonds as provided in this Indenture. Nevertheless, any moneys held by the Trustee or any paying agent for the payment of the principal of, premium, if any or interest on any Bond remaining unclaimed for two years after the principal of all Bonds have become due and payable, whether at maturity or upon proceedings for redemption or by declaration as provided herein, shall, subject to applicable law, then be paid to Green Bank and the Bondholders or coupons not theretofore presented for payment shall thereafter be entitled to look only to Green Bank for payment thereof as unsecured creditors and all liability of the Trustee or any paying agent with respect to such moneys shall thereupon cease.

## ARTICLE XII

### MISCELLANEOUS PROVISIONS

Section 1201. Evidence of Signatures of Bondholders and Ownership of Bonds.

(a) Any request, consent, revocation of consent or other instrument which this Indenture may require or permit to be signed and executed by the Bondholders may be in one or more instruments of similar tenor, and shall be signed or executed by such Bondholders in

person or by their attorneys-in-fact appointed in writing. Proof of the execution of any such instrument, or of an instrument appointing any such attorneys, shall be sufficient for any purpose of this Indenture (except as otherwise therein expressly provided) if made in any manner satisfactory to the Trustee. Proof of the holding of Bonds on any date shall be provided by the registration books of Green Bank maintained by the Trustee.

(b) Any request or consent by the owner of any Bond shall bind all future owners of such Bond and any Bond issued in exchange therefor in respect of anything done or suffered to be done by Green Bank or any Trustee in accordance therewith.

Section 1202. Governing Law. This Indenture shall be construed and adjudicated in accordance with the laws of the State of Connecticut applicable to contracts made and performed in the State of Connecticut, without giving effect to any choice of law rules or provisions.

Section 1203. Counterparts. This Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute one instrument.

Section 1204. Parties Interested Herein. Nothing in this Indenture expressed or implied is intended or shall be construed to confer upon, or to give to, any person or corporation, other than Green Bank, the Trustee, the State and the Bondholders, any right, remedy or claim under or by reason of this Indenture of any covenant, condition or stipulation thereof; and all covenants, stipulations, promises and agreements in this Indenture contained by and on behalf of Green Bank shall be for the sole and exclusive benefit of Green Bank, the Trustee, and the Bondholders.

Section 1205. No Recourse on the Bonds. No recourse shall be had for the payment of the principal of or interest on the Bonds or for any claim based thereon or on this Indenture against any officer of Green Bank or any person executing the Bonds, or any employee or agent of the foregoing.

Section 1206. Successors and Assigns. Whenever in this Indenture Green Bank is named or referred to, it shall be deemed to include its successors and assigns and all the covenants and agreements in this Indenture contained by or on behalf of Green Bank shall bind and inure to the benefit of its respective successors and assigns whether so expressed or not.

Section 1207. Severability of Invalid Provisions. If any one or more of the covenants or agreements provided in this Indenture on the part of Green Bank or the Trustee to be performed should be contrary to law, then such covenant or covenants, agreement or agreements, shall be deemed severable from the remaining covenants and agreements, and shall in no way affect the validity of the other provisions of this Indenture.

Section 1208. Payments on Saturdays, Sundays and Holidays. In any case where the date of any payment required to be made under this Indenture shall not be a Business Day, then such payment shall not be made on such date but shall be made on the next succeeding Business Day, with the same effect as if made on such prior date.

Section 1209. Effective Date This Indenture shall take effect upon its execution by the Authorized Representative of Green Bank.

Section 1210. Notice Unless otherwise expressly specified or permitted by the terms of this Indenture, all notices shall be in writing, sent by registered or certified mail, postage prepaid, or by national overnight courier service, or by personal delivery, or by electronic mail with a pdf attachment of such notice (with prompt telephonic confirmation of receipt), to the following addresses, or to such other address as Green Bank, the State or the Trustee shall from time to time designate by notice in writing to the other.

If to the Green Bank:

Connecticut Green Bank  
845 Brook Street  
Rocky Hill, CT 06067  
Attn: President

If to the Trustee:

The Bank of New York Mellon Trust Company, N.A.  
2 North LaSalle Street, 7<sup>th</sup> Floor  
Chicago, Illinois 60602  
Attn: \_\_\_\_\_

If to the State:

Office of the Treasurer  
165 Capitol Avenue  
Hartford, Connecticut 06106  
Attn: Assistant Treasurer for Debt Management

**SIGNATURE PAGE**

IN WITNESS WHEREOF, the President of the Connecticut Green Bank, and the Trustee, in acceptance of the trusts created hereunder, has caused this Indenture to be signed in its corporate name by its officer thereunder duly authorized, all as of the day and year first written above.

**CONNECTICUT GREEN BANK**

BY: \_\_\_\_\_  
Bryan Garcia  
President

**THE BANK OF NEW YORK MELLON TRUST  
COMPANY, N.A., as Trustee**

BY: \_\_\_\_\_  
\_\_\_\_\_  
Its: \_\_\_\_\_

**SCHEDULE 1**

**[Description of the Bonds]**

**EXHIBIT A**

[FORM OF BOND]



PRELIMINARY OFFICIAL STATEMENT DATED APRIL \_\_, 2020

NEW ISSUE — BOOK-ENTRY-ONLY

S&P Global Ratings: “A”  
(See “RATING” herein)

In the opinion of Bond Counsel, under existing statutes and regulations, interest on the Series 2020 Bonds is included in gross income for federal income tax purposes pursuant to the Internal Revenue Code of 1986, as amended, as described in “APPENDIX I-B—FORM OF LEGAL OPINION OF BOND COUNSEL AND TAX STATUS” herein. In the opinion of Bond Counsel, under existing statutes, interest on the Series 2020 Bonds is excluded from State of Connecticut taxable income for purposes of the State of Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net State of Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax.



\$ \_\_\_\_\_\*  
**CONNECTICUT GREEN BANK**  
Solar Home Renewable Energy Credit, Green  
Liberty Bonds, Series 2020  
(Federally Taxable) (Climate Bond Certified)



Dated: Date of Delivery

Due: As shown below

The Connecticut Green Bank (the “Green Bank”) is offering its Solar Home Renewable Energy Credit, Green Liberty Bonds, Series 2020 (the “Series 2020 Bonds”), in the aggregate principal amount set forth above.

The Series 2020 Bonds will be limited obligations of the Green Bank, payable solely from and secured by the Trust Estate established pursuant to the Indenture of Trust, dated as of May 1, 2020 (the “Indenture”), between the Green Bank and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”). The Trust Estate consist primarily of a pool of renewable energy credits generated under the Green Bank’s Solar Home Renewable Energy Credit program and related environmental attributes (as described herein), and the Funds and Accounts established pursuant to the Indenture, including the Special Capital Reserve Fund. Amounts are deemed to be appropriated to the Special Capital Reserve Fund from the State of Connecticut general fund in accordance with the Green Bank’s enabling legislation in amounts necessary to maintain the balance therein at the Special Capital Reserve Fund Requirement. The Special Capital Reserve Fund Requirement will be established at the maximum amount of principal and interest becoming due on the Series 2020 Bonds by reason of maturity or required sinking fund payment in any single succeeding calendar year. See the caption “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2020 BONDS” herein.

The Green Bank has designated the Series 2020 Bonds as “Green Bonds” and as “Climate Bond Certified” as described under the captions “USE OF PROCEEDS—Green Bond Principles” and “—Climate Bond Certified” herein.

Interest on the Series 2020 Bonds will be payable on May 15 and November 15 of each year, commencing on November 15, 2020. The Series 2020 Bonds will mature in the aggregate principal amounts set forth below:

Serial Series 2020 Bonds: \$ \_\_\_\_\_\*

<u>Maturity (November 15)</u>	<u>Principal Amount<sup>1</sup></u>	<u>Interest Rate</u>	<u>Price</u>	<u>CUSIP<sup>1</sup></u>
2021	\$	%	%	
2022				
2023				
2024				
2025				
2026				
2027				
2028				
2029				
2030				
2031				
2032				
2033				
2034				

\$ \_\_\_\_\_\* % Term Series 2020 Bonds due April 1, \_\_ Price: 100% CUSIP<sup>1</sup> number: \_\_\_\_\_

The Series 2020 Bonds are subject to redemption prior to their stated maturity dates. See the caption “THE SERIES 2020 BONDS—Redemption” herein.

See the caption “INVESTMENT CONSIDERATIONS” herein for a discussion of certain factors that investors should consider in making an informed investment decision.

The Series 2020 Bonds will be issued only as fully registered bonds, without coupons, and will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as the Securities Depository (as hereinafter defined) for the Series 2020 Bonds. Beneficial interests in the Series 2020 Bonds may be purchased in book-entry-only form, in minimum denominations of \$1,000 or in any integral multiple thereof. See the caption “THE SERIES 2020 BONDS—Securities Depository” herein.

THE GREEN BANK HAS NO TAXING POWER. THE SERIES 2020 BONDS DO NOT CONSTITUTE A DEBT OR LIABILITY OF THE STATE OF CONNECTICUT OR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE GREEN BANK) OR A PLEDGE OF THE FULL FAITH AND CREDIT OR TAXING POWER OF THE STATE OF CONNECTICUT OR ANY POLITICAL SUBDIVISION THEREOF.

The Series 2020 Bonds are offered subject to prior sale, when, as and if issued by the Green Bank and accepted by the Underwriters, subject to the approval of legality by Shipman & Goodwin LLP, Hartford, Connecticut, Bond Counsel to the Green Bank. Certain other legal matters will be passed upon for the Underwriters by Kutak Rock LLP, Denver, Colorado, counsel to the Underwriters. It is expected that delivery of the Series 2020 Bonds against payment therefor will be made on or about May \_\_, 2020 in New York, New York.

Ramirez & Co., Inc.

Stifel



PRELIMINARY OFFICIAL STATEMENT DATED APRIL \_\_, 2020

Dated: April \_\_, 2020

<sup>1</sup>CUSIP numbers have been assigned by an independent company not affiliated with the Green Bank and are included solely for the convenience of the owners of the offered bonds. Neither the Green Bank nor the Underwriters are responsible for the selection or uses of these CUSIP numbers and no representation is made to their correctness on the offered bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the offered bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the offered bonds.

<sup>2</sup>Preliminary; subject to change.

**CONNECTICUT GREEN BANK**  
**845 Brook Street**  
**Rocky Hill, CT 06067**  
*www.ctgreenbank.com/*  
**860-563-0015**

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Binu Chandy  
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Bert Hunter..... Executive Vice President and Chief Investment Officer

Michael Yu..... Director, Clean Energy Finance

Eric Shrago..... Managing Director

Brian Farnen..... General Counsel and Chief Legal Officer

Louise Venables..... Senior Manager

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\* There is presently one vacancy on the Board who will be appointed by the Governor.

This Official Statement is not to be construed as a contract or agreement between the Green Bank and the purchaser or owners of any of the Series 2020 Bonds. Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. No representation is made that any of such statements will be realized. All quotations from and summaries and explanations of provisions of laws of the State of Connecticut (the "State") contained in this Official Statement do not purport to be complete and are qualified in their entirety by reference to the official compilations thereof. All references to the Series 2020 Bonds and the proceedings and agreements relating thereto are qualified in their entirety by reference to the definitive forms of the Series 2020 Bonds and such proceedings and agreements. This Official Statement is submitted only in connection with the sale of the Series 2020 Bonds by the Green Bank and may not be reproduced or used in whole or in part for any other purpose, except as specifically authorized by the Green Bank. Any electronic reproduction of this Official Statement may contain computer-generated errors or other deviations from the printed Official Statement. In any such case, the printed version controls.

This Official Statement contains forecasts, projections and estimates that are based on expectations and assumptions which existed at the time such forecasts, projections and estimates were prepared. The inclusion of such forecasts, projections and estimates should not be regarded as a representation by the Green Bank or the Underwriters that such forecasts, projections and estimates will occur. Such forecasts, projections and estimates are not intended as representation of fact or guarantees of results. If and when included in this Official Statement the words "expects," "forecasts," "intends," "anticipates," "estimates" and analogous expressions are intended to identify forward-looking statements and any such statements inherently are subjected to a variety of risks and uncertainties that could cause actual results to differ materially from those projected. Such risks and uncertainties include, among others, general economic and business conditions, changes in political, social and economic conditions, regulatory initiatives and compliance with governmental regulations, litigation and various other events, conditions and circumstances, many of which are beyond the control of the Green Bank. These forward-looking statements speak only as of the date they were prepared. The Green Bank disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein (except as required by law) to reflect any change in the Green Bank's expectations with regards thereto or any change in events, conditions or circumstances on which any such statement is based.

The order and placement of material in this Official Statement, including the appendices, are not to be deemed a determination of relevance, materiality or importance. All material in this Official Statement, including its appendices, must be considered in its entirety.

The Underwriters may offer and sell Series 2020 Bonds to certain dealers (including dealers depositing Series 2020 Bonds into investment trusts) and others at prices lower than the offering prices stated on the cover page of this Official Statement. After the initial public offering, the Underwriters may change the price at which the Underwriters offer the Series 2020 Bonds for sale from time to time.

In connection with the offering, the Underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of the Series 2020 Bonds. Specifically, the Underwriters may over allot the offering, creating a syndicate short position. The Underwriters may bid for and purchase Series 2020 Bonds in the open market to cover such syndicate short position or to stabilize the price of Series 2020 Bonds. Those activities may stabilize or maintain the market price of the Series 2020 Bonds above independent market levels. The Underwriters are not required to engage in these activities and may end any of these activities at any time.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in the Official Statement in accordance with, and as a part of, their responsibilities to investors under the Federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters does not guarantee the accuracy or completeness of such information.

**IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE GREEN BANK, THE STATE AND THE TERMS OF THE OFFERING, INCLUDING THE SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2020 BONDS AS DESCRIBED HEREIN AND THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT.**

No person has been authorized to give any information or to make any representations other than those contained in this Official Statement in connection with the offer made hereby, and if given or made, such information or representations

must not be relied upon as having been authorized by the Green Bank or the Underwriters. Neither the delivery of this Official Statement nor any sale hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Green Bank or the Residential Solar Incentive Program since the date hereof. This Official Statement does not constitute an offer or solicitation in any jurisdiction in which such offer or solicitation is not authorized, or in which the person making such offer or solicitation is not qualified to do so, or to any person to whom it is unlawful to make such offer or solicitation. The information set forth herein has been obtained from sources believed to be reliable.

**TABLE OF CONTENTS**

**PART I  
INFORMATION CONCERNING THE GREEN BANK AND THE SERIES 2020 BONDS**

	<u>Page</u>
SUMMARY OF TERMS .....	I-i
INTRODUCTORY STATEMENT .....	I-1
CONNECTICUT GREEN BANK .....	I-2
THE TRUST ESTATE .....	I-2
USE OF PROCEEDS .....	I-12
Sources and Uses .....	I-12
Green Bond Principles .....	I-12
Climate Bond Certified .....	I-13
United Nations Sustainable Development Goal 7 .....	I-14
SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2020 BONDS .....	I-15
THE SERIES 2020 BONDS .....	I-17
General .....	I-17
Securities Depository .....	I-17
Interest .....	I-19
Redemption .....	I-19
DESCRIPTION OF THE INDENTURE .....	I-20
Funds .....	I-20
Application of Revenues held in the Revenue Fund .....	I-21
Debt Service Fund .....	I-21
Special Capital Reserve Fund .....	I-22
Cost of Issuance Fund .....	I-23
Redemption Fund .....	I-23
2020 SHREC Economic and Energy Security Fund .....	I-23
INVESTMENT CONSIDERATIONS .....	I-23
Reliance on State of Connecticut Rating .....	I-23
General Economic Conditions .....	I-24
The Capacities of the SHREC Systems in the Portfolio are Estimates and Averages Only, Based on Assumptions, and Production May Not Meet These Estimates .....	I-24
The Transfer of the SHRECs From the Green Bank to the Utilities Relies Upon the NEPOOL GIS .....	I-24
Reliance on Metering .....	I-24
Manufacturer Warranties .....	I-24
Impact of Tariffs on Solar Panels and Cells .....	I-25
Impact of Natural Disasters, Weather Events, Man-Made Disasters .....	I-25
Legal and Regulatory Provisions Affecting Investors Could Adversely Affect the Liquidity of the Series 2020 Bonds .....	I-25
The Expected Source of the Repayment is the Potential Stream of Payments Made Under the Master Purchase Agreements .....	I-28
The Utilities are Vulnerable to any Changes in Demand for Electricity and Gas that May Occur, and to Increases in the Levels of Doubtful Receivables, as a Result of Poor Economic Conditions .....	I-28
The Utilities' Power Generation Capacity, Revenues, Costs and Results of Operations are Significantly Influenced by Weather Conditions and Seasonal Variations that are Not Within its Control .....	I-29
Impact of Strikes, Labor Disputes and Industrial Disputes .....	I-29
Changes in Technology May Render Current Technologies Obsolete or Require the Utilities to Make Substantial Capital Investments .....	I-29
Changing Laws, Rules and Regulations and Legal Uncertainties May Adversely Affect the Utilities' Business and Financial Performance .....	I-29
Political, Economic or Other Factors that are Beyond the Green Bank's Control May Have an Adverse Effect on the Utilities' Business, Results of Operation and Cash Flows .....	I-30
Impact of Bankruptcy of Utilities .....	I-30
Risks Associated with the Green Bank .....	I-30

A Perfected Security Interest in the Trust Estate Must Be Maintained in Favor of the Trustee .....	I-31
Risks Related to Green Bank’s financing of SHRECs not within SHREC Tranche 3.....	I-31
The Potential Effects of Litigation on the Transaction Parties.....	I-32
Exemption from Connecticut Personal Property Taxes May Not Be Available to Third Party System Owners .....	I-32
Timing and Amount of Principal Payments on the Series 2020 Bonds Will Depend in Part on the Performance of the Green Bank.....	I-32
Bankruptcy of the Green Bank May Adversely Affect Payments on the Series 2020 Bonds.....	I-32
The Series 2020 Bonds May Not Be Accelerated.....	I-33
Bankruptcy of the Trustee May Adversely Affect Payments on the Series 2020 Bonds .....	I-33
Social and Economic Risks.....	I-33
Political and State Risks .....	I-33
Connecticut Green Bank’s Residential Solar Investment Program is Scheduled to Expire for New Installation before the Close of 2020 .....	I-34
Nationally Recognized Statistical Rating Organizations May Assign Different Ratings to the Series 2020 Bonds; Ratings of the Series 2020 Bonds Reflect Only the Views of the Rating Agency as of the Dates Such Ratings Were Issued; Ratings May Affect ERISA Eligibility; Ratings May Be Downgraded .....	I-34
Green Bond Status .....	I-35
Combination or “Layering” of Multiple Risks May Significantly Increase Risk of Loss.....	I-35
Limited Liquidity.....	I-35
The Series 2020 Bonds are Expected to be Issued Only in Book-Entry Form.....	I-36
The Rating of the Series 2020 Bonds is Not a Recommendation to Purchase and may Change .....	I-36
STATE PLEDGE AND AGREEMENT .....	I-36
LEGALITY FOR INVESTMENT AND DEPOSIT .....	I-36
TAX MATTERS .....	I-36
UNDERWRITING.....	I-36
LITIGATION .....	I-37
RATING.....	I-37
CONTINUING DISCLOSURE .....	I-37
THIRD PARTY DUE DILIGENCE REPORTS .....	I-38
FINANCIAL ADVISOR.....	I-38
LEGAL OPINIONS .....	I-38

**PART I APPENDICES**

	<u>Page</u>
APPENDIX I-A CERTAIN DEFINITIONS AND SUMMARY OF THE INDENTURE .....	I-A-1
APPENDIX I-B FORM OF APPROVING OPINION OF BOND COUNSEL.....	I-B-1
APPENDIX I-C FORM OF CONTINUING DISCLOSURE UNDERTAKING—GREEN BANK.....	I-C-1
APPENDIX I-D FORM OF CONTINUING DISCLOSURE UNDERTAKING—STATE .....	I-D-1
APPENDIX I-E [SECOND PARTY OPINION OF ALIGNMENT WITH GREEN BOND PRINCIPLES FOR GREEN BANK SERIES 2020 BOND ISSUANCE] .....	I-E-1
APPENDIX I-F GREEN BOND STANDARDS .....	I-F-1
APPENDIX I-G CLIMATE BOND VERIFIER’S REPORT .....	I-F-1

**PART II  
INFORMATION STATEMENT OF THE STATE OF CONNECTICUT  
DATED FEBRUARY 15, 2020**

	<u>Page</u>
Table of Contents to Part II .....	II-2
Index to Tables.....	II-6
Introduction .....	II-9
Financial Procedures .....	II-10
State General Fund.....	II-19
State Economic Initiatives.....	II-38

State Debt .....	II-40
Other Funds, Debt and Liabilities .....	II-54
Pension and Retirement Systems.....	II-63
Litigation .....	II-98
Other Matter .....	II-100

**PART II APPENDICES**

	<u>Page</u>
Appendix II-A Governmental Organization and Services .....	II-A-1
Appendix II-B State Economy .....	II-B-1
Appendix II-C June 30, 2019 Basic (GAAP-Based) Financial Statements .....	II-C-1
Appendix II-D June 30, 2015 — June 30, 2019 Statutory Basis General Fund Financial Statements.....	II-D-1
Appendix II-E Fiscal Year 2019 Adopted Budget and Final Financial Results, Fiscal Year 2020 Adopted and Estimated Budget, Fiscal Year 2021 Adopted Budget and Governor's Proposed Budget Adjustments.....	II-E-1

**SUMMARY OF TERMS**

The following is qualified in its entirety by reference to the information appearing elsewhere in this Official Statement. Terms used in this Official Statement and not defined herein are defined in “APPENDIX I-A—CERTAIN DEFINITIONS AND SUMMARY OF THE INDENTURE” hereto.

Issuer.....	The Connecticut Green Bank (the “Green Bank”) is a quasi-public entity of the State of Connecticut (the “State”) created under Sections 16-245n and 16-245kk through 16-245mm of the Connecticut General Statutes, as amended from time to time (the “Act”).
Securities Offered .....	<p>\$ _____* Solar Home Renewable Energy Credit, Green Liberty Bonds, Series 2020 of the Green Bank (the “Series 2020 Bonds”) are to be issued pursuant to the Indenture of Trust, dated as of May 1, 2020 (the “Indenture”), between the Green Bank and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”).</p> <p>The Series 2020 Bonds will be limited obligations of the Green Bank, payable solely from and secured by the Trust Estate held by the Trustee, which includes the amounts collected by the Green Bank with respect to the SHREC Receivables, and all interest or other income derived from the investment or deposit of moneys in the Funds and Accounts, including the Special Capital Reserve Fund.</p>
Interest and Principal .....	<p>Interest on the Series 2020 Bonds will accrue on the basis of a 360-day year, consisting of twelve 30-day months, from their delivery date at the rates set forth herein and will be payable semiannually on May 15 and November 15 of each year, commencing November 15, 2020 (each, an “Interest Payment Date”). The record date for payment of interest on the Series 2020 Bonds is the last business day of any calendar month proceeding the month in which there occurs an Interest Payment Date.</p> <p>Principal of the Series 2020 Bonds will be due as shown on the cover page of this Official Statement.</p>
Optional Redemption .....	The Series 2020 Bonds maturing on or after _____ 1, ____ are subject to optional redemption prior to maturity at the option of the Green Bank, on or after _____ 1, ____, at any time, in whole or in part, and by lot within maturity, in such amounts and in such order of maturity as Green Bank may determine, at a redemption price equal to one hundred percent (100%) of the principal amount of the Series 2020 Bonds to be redeemed, plus interest accrued and unpaid to the redemption date.

\* Preliminary; subject to change.



	See the caption “THE SERIES 2020 BONDS—Redemption— <i>Optional Redemption</i> ” herein.
Mandatory Sinking Fund Redemption .....	The Term Series 2020 Bonds are subject to mandatory sinking fund redemption prior to maturity, beginning November 15, ____, at a redemption price equal to one hundred percent (100%) of the principal amount of the Term Series 2020 Bonds to be redeemed, plus interest accrued and unpaid to the redemption date. See the caption “THE SERIES 2020 BONDS—Redemption— <i>Mandatory Sinking Fund Redemption</i> ” herein.
Form and Denomination .....	The Series 2020 Bonds will be issued only in fully registered form registered in the name of Cede & Co. as nominee of The Depository Trust Company (“DTC”). The Series 2020 Bonds will be issued in denominations of \$1,000 or in any integral multiple thereof.
The Offering .....	The Series 2020 Bonds are being offered to the public, subject to prior sale, when, as and if issued by the Green Bank and accepted by the Underwriters.
Purpose of Issue .....	The Series 2020 Bonds are being issued (a) refinance expenditures of the Green Bank related to its Residential Solar Incentive Program (“RSIP”), (b) fund a Special Capital Reserve Fund and (c) pay the costs of issuing the Series 2020 Bonds.
Green Bond Principles .....	The Green Bank has designated the Series 2020 Bonds as “Green Bonds” as the proceeds will be applied exclusively for projects and activities that promote renewable energy or energy efficiency purposes, and has received a “[ <b>Second-Party Opinion of Alignment with Green Bond Principles for Green Bank Series 2020 Bond Issuance</b> ]” (attached as Appendix I-E hereto) from Kestrel Verifiers (“Kestrel”), an independent, third party auditor, that the Green Bank’s green bond framework is aligned with the Green Bond Principles as set by International Capital Market Association and has been consistently applied to the pre-issuance of the Series 2020 Bonds. See the caption “USE OF PROCEEDS—Green Bond Principles” herein.
Climate Bonds Initiative .....	The Green Bank has designated the Series 2020 Bonds as “Climate Bond Certified” and the Climate Bonds Initiative has provided a certification to the Green Bank of the Series 2020 Bonds as “Certified Climate Bonds.” See the caption “USE OF PROCEEDS—Climate Bond Certified” herein and “APPENDIX I-F—GREEN STANDARDS” and “APPENDIX I-G—CLIMATE BOND VERIFIER’S REPORT ” hereto.
Trustee .....	The Bank of New York Mellon Trust Company, N.A., Chicago, Illinois, is the Trustee under the Indenture.
SHRECs .....	A “SHREC” is a renewable energy credit created by the production of one megawatt hour of electricity under the Green Bank’s Solar Home Renewable Energy Credit

program, which was approved by the Connecticut State Legislature and signed by the Governor of the State of Connecticut as codified under Section 16-245gg of the Connecticut General Statutes (the “SHREC Statute”) and any related Environmental Attributes (as defined herein).

Under two Master Purchase Agreements (each, a “Master Purchase Agreement” and collectively the “Master Purchase Agreements”), statutorily required by the SHREC Statute, between the Green Bank and Connecticut’s two investor-owned utilities (The Connecticut Light and Power Company, d/b/a Eversource Energy and United Illuminating, collectively the “Utilities”), the Green Bank aggregates SHRECs generated from solar photovoltaic systems participating in the RSIP into annual tranches (each a “SHREC Tranche”), and sells those SHREC Tranches to the Utilities at a fixed, predetermined price over a 15-year tranche lifetime. The SHRECs included in the Trust Estate will be SHRECs included in the 2019 SHREC Tranche (“SHREC Tranche 3”), and the revenue received from the Utilities for SHRECs within SHREC Tranche 3 from and after the Closing Date is referred to herein as “SHREC Receivables”, as described in this Official Statement. See the caption “THE TRUST ESTATE” herein.

The 2017 SHREC Tranche (“SHREC Tranche 1”) and the 2018 SHREC Tranche (“SHREC Tranche 2”) are pledged to the repayment of SHREC Collateralized Notes, Series 2019-1 (the “Series 2019-1 Notes”) issued by SHREC ABS 1, LLC, a direct wholly-owned subsidiary of the Green Bank.

Ineligible SHRECs.....

An “Ineligible SHREC” is any SHREC for which (i) one or more eligibility criteria are found to have been breached at the time such SHREC was pledged to the Trust Estate, which breach (in the aggregate) materially and adversely affects the value of such SHREC; or (ii) neither the Green Bank nor the Trustee has a first priority perfected security interest.

Not Debt of State .....

THE GREEN BANK HAS NO TAXING POWER. THE SERIES 2020 BONDS DO NOT CONSTITUTE A DEBT OR LIABILITY OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE GREEN BANK) OR A PLEDGE OF THE FULL FAITH AND CREDIT OR TAXING POWER OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF.

State Pledge and Agreement .....

Pursuant to the provisions of Section 16-245n of the Act (the “Green Bank Statute”), the State of Connecticut pledges to and agrees with any person with whom the Green Bank may enter into contracts pursuant to that the State will not limit or alter the rights vested in the Green Bank pursuant to the Green Bank Statute until such contracts and the obligations thereunder are fully met and performed on the part of the Green Bank, provided

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	nothing shall preclude such limitation or alteration if adequate provision shall be made by law for the protection of such persons entering into contracts with the Green Bank.
Indenture .....	The Indenture provides for the issuance of the Series 2020 Bonds pursuant to the Green Bank Statute, and the Indenture includes the Green Bank’s pledge to the Trustee of the revenues, accounts and statutory and contractual covenants contained therein. The Trustee is authorized to enforce the Indenture and such covenants against the Green Bank. See “APPENDIX I-A—CERTAIN DEFINITIONS AND SUMMARY OF THE INDENTURE” hereto.
No Bankruptcy Authorization .....	Under current law, the Green Bank is not authorized to seek protection from its creditors pursuant to the United States Bankruptcy Code.
Tax Matters .....	In the opinion of Shipman & Goodwin LLP, Hartford, Connecticut, Bond Counsel, interest on the Series 2020 Bonds (i) is included in gross income for Federal income tax purposes pursuant the Code, and (ii) is excluded from State of Connecticut taxable income for purposes of the State of Connecticut income tax on individuals, trusts and estates and is excluded from the amounts on which State of Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax. See the caption “TAX MATTERS” herein.
Rating.....	The Series 2020 Bonds are expected to be rated “A” by S&P Global Ratings.
Green Bank Contact.....	Office of the General Counsel, Connecticut Green Bank, 845 Brook Street, Rocky Hill, CT 06067.

**OFFICIAL STATEMENT**

\$ \_\_\_\_\_<sup>\*</sup>  
**CONNECTICUT GREEN BANK**  
**Solar Home Renewable Energy Credit,**  
**Green Liberty Bonds, Series 2020**  
**(Federally Taxable)**

**PART I**  
**INFORMATION CONCERNING**  
**CONNECTICUT GREEN BANK AND THE SERIES 2020 BONDS**

**INTRODUCTORY STATEMENT**

The purpose of this Official Statement (this “Official Statement”), including the cover page, the Summary of Terms, Part I, Part II and the Appendices hereto, is to set forth certain information concerning Connecticut Green Bank (the “Green Bank”), its Residential Solar Incentive Program (the “RSIP”) and the Green Bank’s \$ \_\_\_\_\_<sup>\*</sup> Solar Home Renewable Energy Credit, Green Liberty Bonds, Series 2020 (the “Series 2020 Bonds”). The proceeds of the Series 2020 Bonds, together with moneys of the Green Bank, are being used to (a) refinance expenditures of the Green Bank related to its Residential Solar Incentive Program (“RSIP”), (b) fund a Special Capital Reserve Fund and (c) pay the costs of issuance. For a more complete description of the Green Bank’s Residential Solar Incentive Program (“RSIP”), see the caption “THE TRUST ESTATE” herein.

The Series 2020 Bonds will be issued under an Indenture of Trust, to be dated as of May 1, 2020 (the “Indenture”), between the Green Bank and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”), and will be limited obligations of the Green Bank, payable solely from and secured by the Trust Estate established thereunder. The Green Bank will pledge and assign to the Trustee: (i) the SHREC Receivables and RECs related to SHREC Tranche 3 owned by Green Bank (other than with respect to any SHRECs that are reassigned to Green Bank as Ineligible SHRECs following the issuance of the Series 2020 Bonds); (ii) the Revenues and all other property that may in the future be delivered, or by writing of any kind, conveyed, pledged, assigned or transferred to Green Bank as additional security hereunder for the Series 2020 Bonds; (iii) the Green Bank’s rights under the Master Purchase Agreements related to SHREC Tranche 3 and the SHREC Receivables and all other agreements that may in the future be delivered, or by writing of any kind, conveyed, pledged, assigned or transferred to Green Bank as additional security hereunder for the Series 2020 Bonds; (iv) the Revenue Fund, the Debt Service Fund, the Redemption Fund and the 2020 SHREC Economic and Energy Security Fund together with any and all receipts, funds or moneys, investments and other property of every kind and nature from time to time hereafter on deposit in or payable to such funds and accounts thereof; and (v) the Special Capital Reserve Fund, including all amounts on deposit in and if necessary certified by Green Bank as necessary to restore the Special Capital Reserve Fund to the Special Capital Reserve Fund Requirement and deemed appropriated by the State and paid to Green Bank, together with any and all moneys, investments and other property of every kind and nature from time to time hereafter on deposit in or payable to the Special Capital Reserve Fund, including any amounts paid by the Master Trustee pursuant to the Master Trust Indenture for deposit into the Special Capital Reserve Fund (collectively, the “Trust Estate”).

There are no significant assets or sources of funds available to pay the Series 2020 Bonds other than the Trust Estate. See the caption “INVESTMENT CONSIDERATIONS” herein.

The factors affecting the Green Bank, the RSIP and the Series 2020 Bonds described throughout this Official Statement are complex and are not intended to be fully described in the preceding Summary of Terms or this Introductory Statement. This Official Statement should be read in its entirety. Brief descriptions of Green Bank, the RSIP, the Series 2020 Bonds, the Indenture and certain related agreements are included in this Official Statement. The descriptions of such documents contained herein do not purport to be comprehensive or definitive and are qualified in their entirety by reference to the entire text of such documents, and references herein to the Series 2020 Bonds are qualified in their entirety by reference to the forms thereof included in the Indenture and the information with respect thereto included in such documents, all of which are available for inspection at the principal corporate trust office of the Trustee in Chicago, Illinois.

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<sup>\*</sup> Preliminary; subject to change.

A summary of the Indenture, together with defined terms used therein and in this Official Statement, is contained in “APPENDIX I-A—CERTAIN DEFINITIONS AND SUMMARY OF THE INDENTURE” hereto.

All such descriptions are further qualified in their entirety by the application of bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws and laws and principles of equity relating to or affecting generally the enforcement of creditors’ rights.

### CONNECTICUT GREEN BANK

Connecticut Green Bank (the “Green Bank”) was established by the Governor and the General Assembly of the State of Connecticut on July 1, 2011 through Public Act 11-80. The Green Bank was formed as body politic and corporate, constituting a public instrumentality and political subdivision of the State of Connecticut established and created for the performance of an essential public and governmental function. The Green Bank is not a department, institution or agency of the state. The Green Bank is a quasi-public agency that administers the Connecticut Clean Energy Fund.

As the nation’s first state green bank, the Green Bank was formed with a mission to make green energy more accessible and affordable for all Connecticut citizens and businesses by creating a thriving marketplace to accelerate the growth of green energy.

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The Green Bank facilitates green energy deployment by leveraging a public-private financing model that uses limited public dollars to attract private capital investments. By partnering with the private sector, the Green Bank creates solutions that result in long-term, affordable financing to increase the number of green energy projects statewide.

The Green Bank’s vision is a world empowered by the renewable energy of community. The Green Bank’s mission is to confront climate change and provide all of society a healthier and more prosperous future by increasing and accelerating the flow of private capital into markets that energize the green economy. To achieve its vision and mission, the Green Bank has established the following three goals:

- To leverage limited public resources to scale up and mobilize private capital investment in the green economy of Connecticut.
- To strengthen Connecticut’s communities by making the benefits of the green economy inclusive and accessible to all individuals, families, and businesses.
- To pursue investment strategies that advance market transformation in green investing while supporting the organization’s pursuit of financial sustainability..

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The vision, mission, and goals support the implementation of Connecticut’s clean energy policies be they statutorily required (e.g., CGS 16-245ff), planning (e.g., Comprehensive Energy Strategy), or regulatory in nature.

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The powers of the Green Bank are vested in and exercised by a Board of Directors that is comprised of 11 voting and 2 non-voting members, each with knowledge and expertise in matters related to the organization’s purpose. The Green Bank Board of Directors and staff are governed through the statute, as well as an Ethics Statement and Ethical Conduct Policy, Resolutions of Purposes, Bylaws, and Comprehensive Plan.

The State of Connecticut pledges to and agrees with any person with whom the Green Bank enters into contracts pursuant to the provisions of the Green Bank Statute that the State will not limit or alter the rights vested in the Green Bank until such contracts and the obligations under them are fully met and performed on the part of the Green Bank. The Green Bank Statute permits the Green Bank to appropriate in each year during the term of such contracts, an amount of money that is, when combined with other Green Bank funds available for such purpose, sufficient to pay such contracts and obligations or meet any contractual covenants or warranties.

### THE TRUST ESTATE

As more fully described below, pursuant the RSIP, the Green Bank provides incentives to homeowners and third-party system owners (“TPOs”) to deploy residential photovoltaic (“PV”) systems (each, a “SHREC System”). Pursuant to Public Act No. 16-212 and Public Act No. 15-194, the Green Bank purchases a specific type of Renewable Energy Credit

("REC") called a "solar home renewable energy credit" and the related Environmental Attributes (as defined herein) (a "SHREC") from the homeowners and TPOs receiving RSIP incentives and producing PV energy. The Green Bank is then required to sell such SHRECs, and 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") are required to purchase such SHRECs pursuant to two 15-year contracts (each, a "Master Purchase Agreement" and together, the "Master Purchase Agreements").

Under each Master Purchase Agreement, SHRECs are divided into tranches based generally on the calendar year in which the related SHREC System was installed (a "SHREC Tranche"). Each SHREC Tranche has a specific SHREC purchase price, as further described herein. The SHRECs included in the Trust Estate will be SHRECs related to SHREC Systems that were aggregated into a tranche in 2019 ("SHREC Tranche 3"). The revenue received from the Utilities for SHRECs within SHREC Tranche 3 from and after the Closing Date is referred to herein as "SHREC Receivables".

The 2017 SHREC Tranche ("SHREC Tranche 1") and the 2018 SHREC Tranche ("SHREC Tranche 2") are pledged to the repayment of SHREC Collateralized Notes, Series 2019-1 (the "Series 2019-1 Notes") issued by SHREC ABS 1, LLC, a wholly-owned subsidiary of the Green Bank.

The "Trust Estate" will consist of (i) the SHREC Receivables and RECs related to SHREC Tranche 3 owned by Green Bank (other than with respect to any SHRECs that are reassigned to Green Bank as Ineligible SHRECs following the issuance of the Series 2020 Bonds); (ii) the Revenues and all other property that may in the future be delivered, or by writing of any kind, conveyed, pledged, assigned or transferred to Green Bank as additional security hereunder for the Series 2020 Bonds; (iii) the Green Bank's rights under the Master Purchase Agreements related to SHREC Tranche 3 and the SHREC Receivables and all other agreements that may in the future be delivered, or by writing of any kind, conveyed, pledged, assigned or transferred to Green Bank as additional security hereunder for the Series 2020 Bonds; (iv) the Revenue Fund, the Debt Service Fund, the Redemption Fund and the 2020 SHREC Economic and Energy Security Fund together with any and all receipts, funds or moneys, investments and other property of every kind and nature from time to time hereafter on deposit in or payable to such funds and accounts thereof; and (v) the Special Capital Reserve Fund, including all amounts on deposit in and if necessary certified by Green Bank as necessary to restore the Special Capital Reserve Fund to the Special Capital Reserve Fund Requirement and deemed appropriated by the State and paid to Green Bank, together with any and all moneys, investments and other property of every kind and nature from time to time hereafter on deposit in or payable to the Special Capital Reserve Fund, including any amounts paid by the Master Trustee pursuant to the Master Trust Indenture for deposit into the Special Capital Reserve Fund.

### **Background Description of RSIP and SHRECs**

The RSIP is a direct financial incentive program for qualifying residential solar photovoltaic ("PV") systems designed by the Green Bank in 2011 to comply with the directives of Public Act 11-80 of the Connecticut General Assembly to help meet Connecticut's Renewable Portfolio Standard goals and deploy 30 MW of new residential solar PV installation. The RSIP was quickly oversubscribed, meeting the state's 30 MW deployment target in 2014, eight years ahead of schedule. As a result, the Connecticut General Assembly initiated a new deployment target of 300 MW by 2022 with the passage of Public Act 15-194. The development target was further increased to 350 MW by 2022 with the passage of Public Act 19-35.

Under RSIP, the Green Bank provides two types of incentives:

- Homeowners that own their own system are eligible for an Expected Performance Based Buydown ("EPBB") incentive as a \$/W installed upfront cost reduction for system purchases;
- TPOs may receive a Performance-Based Incentive ("PBI") for systems leased to homeowners (or for systems whereby the electrical energy produced from such systems is sold to homeowners under a power purchase agreement) consisting of quarterly payments for 6 years based on actual system performance.

In exchange for providing the incentives described above, the Green Bank is assigned, in perpetuity, all rights, title and interest to SHRECs, as well as all Environmental Attributes in addition to certain energy attributes (such as forward capacity market benefits). To continue to meet Connecticut's demand for residential solar energy and to fund the RSIP, the Connecticut Legislature established the SHREC program to enable the Green Bank to easily and reliably monetize the stream of RECs generated from the systems that receive incentives under the RSIP.

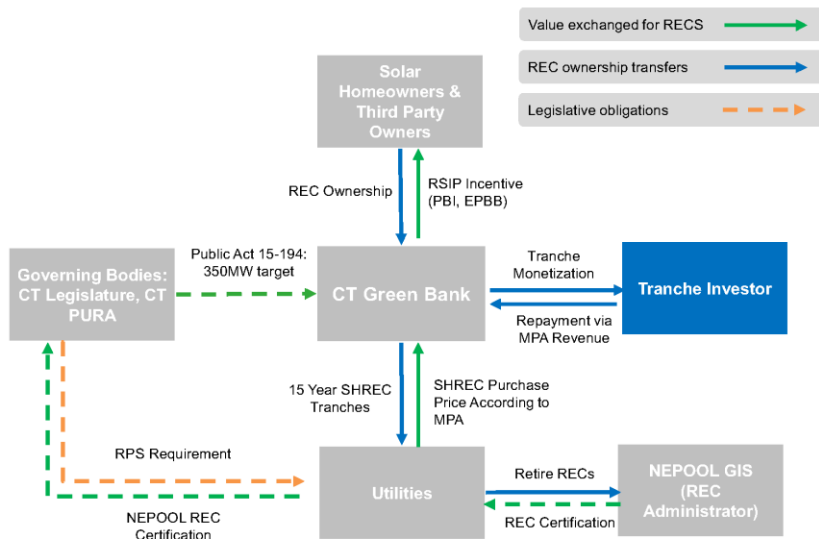
**SHREC Program**

Under the SHREC program, the Utilities are statutorily mandated to enter into 15-year contracts with the Green Bank to purchase the SHREC Tranches generated by solar PV systems receiving the RSIP incentive. The agreement is governed by the Master Purchase Agreements, which were jointly filed with and approved by the Connecticut Public Utilities Regulatory Authority (“CT PURA”), whose approval included approval of the full cost recovery by the Utilities of the SHREC costs pursuant to the Master Purchase Agreements (the “CT PURA Order”). Under the Master Purchase Agreements, if CT PURA ever fails to authorize or prohibits the Utilities’ full cost recovery of these costs and fees, including all amounts paid for SHRECs, then each Utility may reduce its obligation to pay the Green Bank to the extent of CT PURA’s failure to authorize such Utility’s full cost recovery. See the caption “The Master Purchase Agreements” below.

Each calendar year of newly installed solar PV systems constitutes a SHREC Tranche. The Utilities are obligated (by statute and the terms of the Master Purchase Agreements) to purchase each new SHREC Tranche for the 15-year delivery term of each SHREC Tranche, at a price fixed at the time the SHREC Tranche is sold to the Utilities. Under CT PURA Docket No. 16-05-07, CT PURA has guaranteed the Utilities cost recovery for the program via a statutorily-protected component of electric rates. Under the CT PURA Order referenced above, the CT PURA approved the Master Purchase Agreements for the purchase and sale of SHRECs and the CT PURA determined that the SHREC program costs will be recovered through a non-bypassable federally mandated congestion charge filed with CT PURA by each Utility.

A graphic explanation of the program structure is included below.

**SHREC Creation Process**



During installation of a SHREC System, qualified solar homeowners or TPOs apply for the RSIP incentive with the Green Bank. If the Green Bank determines that the system meets eligibility criteria, the Green Bank grants either an EPBB or PBI incentive to the applicant. In exchange, the Green Bank is assigned in perpetuity, all rights, title and interest in the SHRECs, Environmental Attributes and other energy attributes.

As further explained under the caption “The Master Purchase Agreements” below, the Green Bank will register SHRECs with the New England Power Pool Generation Information System (“NEPOOL GIS”) through their standard REC

creation process, and once registered, these SHRECs will reside in the Green Bank's NEPOOL GIS account. Upon the agreed quarterly date, the Green Bank will then sell and transfer SHRECs to the Utilities via NEPOOL's Forward Certificate Transfer process at the price agreed upon in the Master Purchase Agreements.

The Utilities are then required to transfer payment electronically to the Green Bank by the final business day of the month following the quarterly SHREC transfer (i.e., every quarter during the life of each SHREC Tranche as the RECs are produced quarterly by the related SHREC Systems). As SHREC generation will occur quarterly, the stream of payments from the Utilities to the Green Bank will be quarterly as well.

The Master Purchase Agreements allow both the Green Bank and the Utilities to accomplish certain of the Connecticut Legislature's goals—specifically, the Green Bank's goal of 350 MW of residential solar deployment by 2022; and the Utilities' compliance with Connecticut's renewable portfolio standard (or "RPS") target.

Only residential solar PV systems with incentives from the Green Bank approved on or after January 1, 2015 are eligible for the SHREC program. As approximately 44.6 MW of residential solar PV were installed before January 1, 2015 under RSIP, the maximum amount of SHREC-eligible residential solar PV that can be deployed is approximately 305.4 MW.

The final element in the SHREC structure enables the Green Bank to monetize a SHREC Tranche with a SHREC Tranche investor or financing counterparty. The Master Purchase Agreements provide for collateral assignment of the revenue streams associated with SHREC generation without consent of the Utilities as it relates to financing the future revenue stream of the SHRECs. The SHREC statute and the Master Purchase Agreements provide for these features specifically to allow the Green Bank to monetize the SHRECs' anticipated cash flow streams. Each Master Purchase Agreement requires the Green Bank to continue to perform its obligations under the applicable Master Purchase Agreement as the assignee of SHRECs in the event of such collateral assignment. The Green Bank will pass on the revenue streams associated with each Master Purchase Agreement to the assignee. Each Master Purchase Agreement was amended to allow the Green Bank to assign its interests in such Master Purchase Agreement and/or payments under the Master Purchase Agreements to such affiliate or affiliates of the Green Bank for the purpose of effectuating a financing of cash flow streams.

The program automatically terminates at the earlier to occur of (x) 350 MW of CT residential solar PV deployment, or (y) December 31, 2022. Therefore, at most, six SHREC Tranches may be sold, and no new SHREC Tranches will be created for post-December 31, 2022 systems. However, each Utility's obligation to purchase SHRECs will continue with respect to each SHREC Tranche sold to the Utilities until each SHREC Tranche has run its 15-year course.

#### **Description of SHRECs**

***Background and Legislative Authority for SHRECs.*** Two pieces of Connecticut State legislation—Public Act No. 16-212 and Public Act No. 15-194—granted the Green Bank the authority to create SHRECs. A SHREC is a unique type of REC that is generated only under the specific circumstances that are described in the Master Purchase Agreements. Connecticut legislation permitted the Green Bank to enter into the Master Purchase Agreements, which were approved by CT PURA. Under the Master Purchase Agreements, the Green Bank sells SHRECs to the Utilities for a price determined by the Green Bank.

Under each of the Master Purchase Agreements, the Green Bank aggregates RECs generated from solar PV systems participating in the RSIP into SHREC Tranches and sells such SHREC Tranches to the Utilities at a fixed, predetermined price over each SHREC Tranche's 15-year term. To distinguish RECs generated under the RSIP from residential solar PV systems awarded an incentive before January 1, 2015, RECs for qualifying residential solar PV systems awarded an incentive on or after January 1, 2015 are referred to as "SHRECs".

In addition to the related REC, a SHREC also represents the related Environmental Attributes and certain energy attributes. Pursuant to the Master Purchase Agreements, an "Environmental Attribute" excludes electric energy and capacity produced, but means any other emissions, air quality, or other environmental attribute, aspect, characteristic, claim, credit, benefit, reduction, offset or allowance, howsoever entitled or designated, resulting from, attributable to or associated with the generation of energy by a qualifying residential solar photovoltaic system as defined in Connecticut Public Act No. 15-194 and as amended by Connecticut Public Act No. 16-212, whether existing as of the effective date of the Master Purchase Agreement or in the future, and whether as a result of any present or future local, state or federal laws or regulations or local, state, national or international voluntary program, as well as any and all generation attributes under the regulations promulgated pursuant to Section 16-245a of the Connecticut General Statutes, as amended, modified, restated and superseded



from time to time, that require a minimum percentage of electricity sold to end-use customers in the State of Connecticut to be derived from certain renewable energy generating resources, regulations and under any and all other international, federal, regional, state or other law, rule, regulation, bylaw, treaty or other intergovernmental compact, decision, administrative decision, program (including any voluntary compliance or membership program), competitive market or business method (including all credits, certificates, benefits, and emission measurements, reductions, offsets and allowances related thereto) that are attributable, now or in the future; and further, means: (a) any such credits, certificates, benefits, offsets and allowances computed on the basis of the SHREC Project's (defined below) generation using renewable teleology or displacement of fossil-fuel derived or other conventional energy generation; (b) any certificates issued pursuant to the NEPOOL GIS in connection with energy generated by a SHREC Project; and (c) any voluntary emission reduction credits obtained or obtainable by the Green Bank in connection with the generation of energy by a SHREC Project; provided, however, that Environmental Attributes will not include: (i) any production tax credits; (ii) any investment tax credits or other tax credits associated with the construction or ownership of a SHREC System; or (iii) any state, federal or private grants relating to the construction or ownership of a SHREC System or the output thereof. If during the delivery period, a change in laws or regulations occurs that creates value in Environmental Attributes, then at the applicable Utility's request, the Green Bank will cooperate with such Utility to register such Environmental Attributes or take other action necessary to obtain the value of such Environmental Attributes for such Utility. The below list constitutes the definition of a SHREC generation system that qualifies as a "SHREC Project" under the Master Purchase Agreements:

- The Connecticut Public Utilities Regulatory Authority (or any successor thereto) ("CT PURA") has issued an order, decision or ruling that the system uses a Class I renewable energy source, as defined by Section 16-1(a)(20) of the Connecticut General Statutes. (Solar PV systems are Class I renewable energy sources).
- The Green Bank provided an incentive for the installation of the system.
- The system emits no pollutants.
- The system's RSIP incentive was approved by the Green Bank on or after January 1, 2015.
- The system is installed on the customer side of the revenue meter of a residential property that comprises at least one and no more than four family dwelling units.
- The system serves the distribution system of an electric distribution company (an "EDC").

In addition to the enabling legislation and qualification criteria described above, the following actions are taken by the Green Bank when creating SHRECs:

- The Green Bank reviews the design details of systems and concludes whether they qualify to receive incentives and will be eligible to produce SHRECs.
- The Green Bank mandates that the system is connected to a revenue grade meter, which transmits, on a continuous basis, electricity generation data to the Green Bank when the system starts producing electricity.
- The Green Bank applies to the CT PURA to obtain Class I certification for any system the Green Bank has designated as SHREC-eligible through a standardized batch process.
- SHREC-eligible systems with Class I certification are placed into SHREC Tranches. To create a SHREC Tranche, the Green Bank and the Utilities execute standardized Transaction Confirmations. The Transaction Confirmations contain system details including location, size (kW), and approval to energize date, and are appended to the Master Purchase Agreements.
- The Master Purchase Agreements allow the Green Bank to create SHREC Tranches on an annual basis with the final SHREC Tranche to be created no later than January 1, 2022.
- The Green Bank fixes the SHREC price related to a SHREC Tranche, which means that every SHREC generated by the solar PV systems in a particular SHREC Tranche will have a fixed price for a 15-year

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term. Three SHREC Tranches have been created to date, and the SHREC price is \$48/megawatt hour for SHREC Tranche 3.

**SHREC Creation.** On a quarterly basis, the Green Bank downloads the electricity generation data from SHREC-eligible, tranced residential solar PV systems. The Green Bank accesses the data via a web-hosted platform called Locus that receives generation data every 15 minutes from meters located on the platform.

To convert the downloaded electricity generation data to SHRECs, the Green Bank submits the data to the NEPOOL GIS. There is a time lag of one calendar quarter between when the electricity was generated and when the data is submitted to NEPOOL GIS and the SHRECs created:

Electricity generated (Calendar Quarter)	Green Bank submits electricity generation data to NEPOOL GIS (date)	SHRECs created by NEPOOL GIS (date)
1. (January 1—March 31)	July 10	July 15
2. (April 1—June 30)	October 10	October 15
3. (July 1—September 30)	January 10	January 15
4. (October 1—December 31)	April 10	April 15

NEPOOL GIS creates SHRECs on a one for one basis, i.e., one SHREC created for one megawatt hour of electricity generated.

**Sale of SHRECs.** On the day they are created, SHRECs are automatically transferred from the Green Bank’s NEPOOL GIS account to the NEPOOL GIS accounts of the two Utilities. Under the terms of the Master Purchase Agreements, there is an 80%/20% split in this automatic transfer, with 80% of the SHRECs being transferred to Eversource’s account and 20% to United Illuminating’s account. Title to the SHRECs passes from the Green Bank to each respective Utility upon this transfer, and the Green Bank is able to invoice the Utilities for the sale.

The Green Bank issues invoices to the Utilities in the amount of the quantity of SHRECs sold, multiplied by the fixed price per SHREC, depending upon the SHREC Tranche from which the SHRECs were generated. Delivery of the SHRECs is deemed to occur upon the completion of the transfer and receipt of SHRECs via the NEPOOL GIS to the NEPOOL GIS account designated by each Utility. On or before the 15th day following the end of each SHREC creation month, the Green Bank is required to render to each Utility an invoice for the payment obligations incurred during the preceding month, based on the SHRECs delivered by the Green Bank in the preceding month to such Utility’s NEPOOL GIS account. Payment from the Utilities is due on the last business day of the month following the month during which such SHRECs were delivered.

**The Master Purchase Agreements**

The following is a summary of the terms of the Master Purchase Agreements, as amended and in effect (the “Master Purchase Agreements”) between the Green Bank and each of the Utilities.

**Each Utility’s Percentage Entitlement.** Eversource is required to purchase 80% of the SHRECs created within each SHREC Tranche; and United Illuminating is required to purchase 20% of the SHRECs created within each SHREC Tranche. Eversource and United Illuminating are severally liable under their respective Master Purchase Agreements: Eversource, for example, is not required to purchase the remaining 20% of SHRECs set aside for United Illuminating in the event United Illuminating is unable to purchase its 20% percentage entitlement; and United Illuminating is not required to purchase the remaining 80% of SHRECs set aside for Eversource.

**Effective Date.** The effective date of the Master Purchase Agreements (the “Master Purchase Agreement Effective Date”) was February 7, 2017.

**Product Purchased Under Master Purchase Agreements: SHRECs.** The product purchased under the Master Purchase Agreements is SHRECs, each representing one MWh of solar electricity generated on or after January 1, 2015 and qualifying for Connecticut Class I REC status. Individual SHRECs will be aggregated into SHREC Tranches.

**SHREC Tranche Purchase Price.** The purchase price agreed upon on a per SHREC basis for a particular SHREC Tranche is the “SHREC Tranche Purchase Price”. The SHREC Tranche Purchase Price for SHREC Tranche 3 is \$48 per SHREC as of the Master Purchase Agreement Effective Date and may be different for each subsequent SHREC Tranche, declining commensurate with RSIP as applicable. The SHREC Tranche Purchase Price is capped at the lesser of (i) small Zero Emissions Renewable Energy Credit (ZREC) prices for the preceding year; and (ii) the price of the alternative compliance payment pursuant to Section 16-425(k) of the Connecticut General Statutes less five dollars (which for SHREC Tranche 3 amounts to a cap of \$50).

**Term.** The Utilities’ obligation to enter into Master Purchase Agreements commenced on the Master Purchase Agreement Effective Date and will expire at the earlier to occur of (a) the date that 305.4 MW of aggregate SHREC Projects (the Energy Act’s 350MW target less the amount of projects approved for incentives under the RSIP prior to 2015) are approved under the RSIP program on and after January 1, 2015; and (b) December 31, 2022.

**SHREC Project.** For purposes of the Master Purchase Agreements, a qualifying SHREC project (a “SHREC Project”) is a residential solar photovoltaic system, that satisfies the criteria listed for a SHREC Project. See the caption “Description of SHRECs” above.

**Creating and Defining a “SHREC Tranche”.** The Master Purchase Agreements define a SHREC Tranche by identifying the SHREC Projects that generate SHRECs during the 12 calendar months commencing on January 1st of a particular year. For any given year, all SHRECs that are generated by SHREC Projects that have not been included in a prior SHREC Tranche and that start producing SHRECs in time to be included in the specified year’s trading period for first quarter generation, will constitute a “SHREC Tranche” for that year. For example, the 2017 SHREC Tranche will include all SHRECs generated in the first quarter with a NEPOOL creation date of July 15, 2017. The same SHREC Tranche included all SHRECs generated by the associated systems for 15 years thereafter. In the example above, the 15-year period begins on January 1, 2017 and obligates the Utilities to purchase the SHRECs generated after January 1, 2017 by each of the SHREC Projects included in the 2017 SHREC Tranche.

Both the Utilities and the Green Bank are required to execute a SHREC Tranche confirmation that details, as to each SHREC Tranche, the SHREC Projects included in the SHREC Tranche, the aggregate capacity of such projects, the SHREC Tranche delivery term start date, and the SHREC Tranche Purchase Price.

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**SHREC Creation Process.** Under Rule 2.1 of the NEPOOL GIS Operating Rules, RECs are created quarterly on the 15th day of the calendar quarter that is the second calendar quarter following the calendar quarter in which the energy associated with a certificate was generated. For example, certificates from energy generation occurring in the first quarter of a calendar year will be created on July 15th of the same year. Under Rule 3.2 of the NEPOOL GIS Operating Rules, other than trading occurring under forward certificate transfers described below, each REC is transferrable from its creation date through 15 days prior to the end of its creation date quarter. From the above example, such RECs would be eligible for trades from July 15th through September 15th.

The NEPOOL GIS allows an owner to schedule SHREC transfers in advance of their creation date, under the “forward certificate transfers” process. After being scheduled in advance, the trade is completed during the trading period defined above. The Green Bank intends to execute the majority of its trades via forward certificate transfer.

SHREC projects must be located behind the meter of a distribution customer of one of the two investor owned electric distribution companies (i.e., the Utilities) in Connecticut. Each SHREC Project must have a separate meter dedicated to SHREC measurement, the “REC Meter”.

**Green Bank’s Obligations Regarding SHRECs.** The Green Bank, as the seller of the SHRECs, is obligated to undertake the following, pursuant to the Master Purchase Agreements:

- The Green Bank will sell and deliver the Utility’s applicable percentage entitlement of the SHRECs for a particular SHREC Tranche;

- The Green Bank will sell to the Utility all SHRECs generated by a particular SHREC Tranche's SHREC Projects beyond the 15-year term of the Master Purchase Agreements at no cost, for as long as a SHREC Project continues to generate SHRECs;
- The Green Bank will not transfer or assign SHRECs to anyone other than a Utility, except as specified in Section 9.2 of the applicable Master Purchase Agreement (which is discussed under the caption "*Green Bank Collateral Assignment Rights (Section 9.2 and First Amendment)*" below);
- The Green Bank will comply with all NEPOOL GIS operating rules, and maintain accounts required to store and deliver SHRECs with NEPOOL GIS and ISO-New England (the independent system operator (ISO) that is an independent not-for-profit regional transmission organization overseeing the New England region's bulk electric power system and transmission lines, which includes the states of Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island and Vermont and parts of New York and Canada);
- The Green Bank will verify all pre-requisites to sale;
- The Green Bank will provide the Utility with any necessary information and support to achieve regulatory and corporate approvals; however, the Green Bank shall not incur costs in excess of \$100,000 per year to support this effort, unless the Utility agrees in writing to reimburse the Green Bank for an agreed-upon portion of the costs; and
- The Green Bank will warrant upon delivery that title to any and all of the SHRECs delivered to the Utility are delivered free and clear of any encumbrances. Upon delivery, the Green Bank will represent and warrant to the Utility that it has sold the SHRECs exclusively to such Utility and such SHRECs have not expired.

***Green Bank Collateral Assignment Rights (Section 9.2 and First Amendment)***. The Green Bank has the right to collaterally assign, mortgage, pledge, grant security interests, or otherwise encumber its rights and obligations (including but not limited to the right to receive payments) in the Master Purchase Agreements to any lender in connection with a financing only pursuant to Section 9.2 of the applicable Master Purchase Agreement.

Additionally, each of the initial Master Purchase Agreements between the Green Bank and each of the Utilities, respectively, was amended by a First Amendment to Master Purchase Agreement made effective July 30, 2018 to enable the Green Bank to assign its interests in such Master Purchase Agreement including the income stream associated with the SHRECs, to an affiliate or affiliates of the Green Bank for the purpose of effectuating a monetization of the SHREC cash flow streams.

***Utilities' Obligations***. Each of the Utilities is obligated to undertake the following pursuant to the applicable Master Purchase Agreement:

- The Utility will purchase and receive its applicable percentage entitlement of the SHRECs for a particular SHREC Tranche; and
- The Utility will consent to the Green Bank's obtaining financing secured by all payments made by the Utility to the Green Bank under the Master Purchase Agreements.

Each Utility agrees that in an event of default, the Green Bank's collateral assignee will be entitled to exercise rights and remedies of Green Bank. Each Utility agrees that the collateral assignee will have the right but not the obligation to cure any default on the part of the Green Bank, unless the assignee has succeeded to the Green Bank's obligations under the Master Purchase Agreements. Each Utility agrees to execute any consents to assignment and provide a written acknowledgement within twenty days of written request.

***Utility SHREC Utilization Rights***. Each Utility has the right to utilize, resell or convey SHRECs at its sole discretion. If the statutory and regulatory framework governing SHRECs is amended or suspended following SHREC Tranche confirmation, such Utility may choose to qualify SHREC Projects in another state or federal program.

**Delivery and Title Transfer; Payment for SHRECs.** Delivery under the Master Purchase Agreement occurs when transfer and receipt via NEPOOL GIS to the account maintained by the applicable Utility is complete. The Green Bank will effect the transfer to the applicable Utility's account via a forward certificate transfer, and upon such Utility's receipt, all rights, title and interest in SHRECs will transfer to such Utility.

Payment for SHRECs delivered is due on the last business day of the month following the month during which such SHRECs were delivered. The Green Bank is required to render an invoice to each Utility by the 15th day of the month following the SHREC delivery month.

Any late payments under the Master Purchase Agreements will accrue interest at a rate equal to the federal funds effective interest rate as set forth in the weekly statistical release designated as H.15(519), or any successor publication, published by the Board of Governors of the Federal Reserve System.

If a party disputes a payment obligation, the disputing party must notify the other in writing and will to withhold payment pending resolution of the dispute. Withheld amounts will accrue interest in the same manner as late payments on any amounts determined to have been properly billed. If a Utility seeks clarification from the CT PURA on uses or cost recovery methods for SHRECs, interest will not accrue during the period pending clarification. There will be a 24-month statute of limitations on new disputes for any particular payment. Interest on late payments will bear interest from and including the due date and will be calculated at the current date's Federal Funds Effective Rate.

**Prerequisites for Purchase.** A Utility's obligation to purchase SHRECs for any particular SHREC Tranche is contingent upon satisfaction of all of the following conditions:

- such Utility has received a final decision of approval from the CT PURA, as well as the Utility's corporate approval, of the Master Purchase Agreement (both of which have already been obtained);
- SHREC Tranche confirmations have been executed (such confirmations have been delivered with respect to SHREC Tranche 3); and
- the Green Bank has provided and such Utility has accepted a notice certifying (a) that generation associated with creation of SHRECs has begun prior to the Tranche Delivery Term Start Date; and (b) the amount of the Tranche Purchase Price; and (c) that each SHREC Project, as constructed, satisfies the criteria listed for a SHREC Project; and (d) the Green Bank has satisfied its obligations set forth in the Master Purchase Agreement necessary to complete the delivery of such SHRECs to such Utility (which notice has been provided by the Green Bank and accepted by each such Utility with respect to SHREC Tranche 3).

**Failure to Obtain Regulatory Approval.** The Master Purchase Agreements have already received final approval from the CT PURA under Docket No. 16-05-07. If for any reason the CT PURA were to reopen Docket No. 16-05-07 and the CT PURA were to make a decision that invalidates a provision of the Master Purchase Agreement, other than one that impacts the transfer of SHRECs or the applicable Utility cost recovery, (a) the remaining provisions of the Master Purchase Agreement will remain in full force and effect; and (b) the applicable Utility and the Green Bank will endeavor in good faith to replace the invalid provisions with provisions that preserve the economic effects and fundamental rights of the parties under the Master Purchase Agreement.

**Events of Default and Remedies under the Master Purchase Agreements.** An event of default under the Master Purchase Agreement has occurred when:

- A party breaches any of its obligations and (a) does not cure the breach within ten (10) business days of written notice from the non-breaching party, or (b) does not cure the breach within twenty (20) business days after notice, following a ten-day extension for diligent work; or
- A representation or warranty made by a party proves false in any material respect; or
- A party becomes bankrupt.

Upon the occurrence of an event of default under a Master Purchase Agreement, the non-defaulting party may do any one or more of the following:

- Pursue rights and remedies as may be available in law and equity;
- Withhold any payments due in respect of the Master Purchase Agreement up to the extent of its damages;
- Terminate the Master Purchase Agreement, subject to the limitations of early termination (described in the following paragraph); and
- Suspend performance of its obligations with regards to transfer of SHRECs until such event of default is cured.

Each Utility agrees that it will not exercise any right to terminate or suspend the Master Purchase Agreement unless it has given the defaulting party (the Green Bank or its assignee) prior written notice of its intent and the defaulting party has not caused the defaulting condition to be cured within 15 days after the later of: (a) such Utility's notice, or (b) the expiration of the applicable periods of grace provided under the Master Purchase Agreement. If such default cannot be reasonably cured by the defaulting party within 15 days, the cure period will be extended for a reasonable period of time not to exceed 15 days (for an aggregate 30-day cure period).

**Force Majeure Events.** Under the Master Purchase Agreement, a "Force Majeure Event" means any event or circumstance which is beyond the control and without the fault or negligence of the party affected and which by the exercise of reasonable diligence the party affected was unable to prevent, provided that such events or circumstances shall be limited to a list of circumstances.

"Force Majeure Events" are defined to include, generally: (1) Political instability events such as riot, war, compulsory acquisition or acts of terrorism; (2) Ionizing events such as contact with nuclear waste or radiation; (3) Natural disasters such as earthquakes or fires; and (4) Strikes or industrial disputes.

"Force Majeure Events" are defined not to include any of the following events: (1) Curtailment arising from mechanical or equipment failure attributable to wear and tear; (2) Financial hardship, including events that merely increase cost to one of the parties; (3) the Green Bank's ability to sell SHRECs at a price greater than the SHREC Tranche Purchase Price that has been established; or (4) a Utility's ability to purchase SHRECs at a price lower than the SHREC Tranche Purchase Price. In addition, a delay or inability to perform due to a party's lack of preparation for a known risk or condition to satisfy its obligations, a party's failure to timely obtain and maintain all necessary permits or approvals (excepting the regulatory approval necessary for entering into the Master Purchase Agreements) or qualifications, or a failure to satisfy contractual conditions or commitments, shall each not constitute a Force Majeure or be the basis for a claim of Force Majeure under the Master Purchase Agreements.

The implication of the Force Majeure definition in the Master Purchase Agreements is that it permits a party to be excused from or permitted a delay in performance of one or more of its obligations under the Master Purchase Agreements.

**Governing Law.** The Master Purchase Agreements are interpreted and governed by the laws of the State of Connecticut.

### SHREC Tranche 3

SHREC Tranche 3, with a SHREC Tranche Delivery Term Start Date (as defined in the Master Purchase Agreements) of January 1, 2019, consists of 4,818<sup>\*</sup> active SHREC Systems representing a total "nameplate" capacity of approximately 39.3 MW-DC and was executed by the Green Bank and the Utilities as of July 1, 2019. The Green Bank expects these systems to generate roughly 577 GWh of electricity in 2020. Taking into account an annual rate of degradation of one-half percent and a SHREC Tranche Purchase Price (as defined in the Master Purchase Agreement) of \$48/MWh, the Green Bank projects gross SHREC revenues of \$25.6 million over the remaining 14-year term of SHREC Tranche 3.<sup>†</sup> The

<sup>\*</sup> This number diverges from the total number of SHREC Systems initiated under the Master Purchase Agreements due to cancelled/decommissioned SHREC Systems.

<sup>†</sup> These figures are estimates of production only, and no guarantee of future performance is offered, granted, suggested or implied.

aggregation of these SHREC Systems in SHREC Tranche 3 was approved by PURA in \_\_\_\_\_ of \_\_\_\_ through Docket Nos. \_\_\_\_\_.

SHREC Tranche 3 has the following characteristics as set forth on the following pages as of the date of this document (and Discounted SHREC Asset Balance, Remaining Term, and Panel Age are as of the Cut-Off Date):

**[Add Strat Tables]**

Pursuant to the Indenture, the Green Bank is required to use its best efforts to direct all payments on the SHREC Receivables to the Trustee for deposit into the Funds and Accounts under the Indenture, and if such payments are misdirected or erroneously deposited into another Green Bank fund or account, the Green Bank is required to promptly transfer the applicable amount to the Trustee for deposit under the Indenture.

The Revenue Fund will be established to hold funds received from the Utilities as well as other Revenues (the "Revenue Fund"). Interest (net of that which represents a return of accrued interest paid in connection with the purchase of any investment) and other investment earnings (but not profits or losses) on any moneys or investments in the Funds and Accounts, other than the Special Capital Reserve Fund, shall be paid into the 2020 SHREC Economic Energy and Security Fund as and when received. Interest (net of that which represents a return of accrued interest paid in connection with the purchase of any investment) and other investment earnings (but not profits or losses) on any moneys or investments in the Special Capital Reserve Fund shall be paid into the Debt Service Fund.

**USE OF PROCEEDS**

**Sources and Uses**

The proceeds of the Series 2020 Bonds, together with moneys of the Green Bank, are being used to: (a) refinance expenditures of the Green Bank related to the RSIP, (b) fund a Special Capital Reserve Fund and (c) pay the costs of issuing the Series 2020 Bonds. A portion of the proceeds of the Series 2020 Bonds equal to the Special Capital Reserve Fund Requirement will be deposited on the Closing Date to the Special Capital Reserve Fund, a portion of the proceeds of the Series 2020 Bonds equal to approximately \$ \_\_\_\_\_ will be deposited to the Costs of Issuance Fund and the remainder of the proceeds of the Series 2020 Bonds will be used by the Green Bank to refinance the SHRECs aggregated into SHREC Tranche 3.

**Green Bond Principles**

The Series 2020 Bonds are being designated by the Green Bank as "Green Bonds." The purpose of designating the Series 2020 Bonds as "Green Bonds" is to allow investors to invest directly in bonds which finance projects which the Green Bank believes are environmentally beneficial ("Green Projects"). The Green Projects to be financed with the proceeds of the Series 2020 Bonds include the installation of solar electric systems through the acquisition of solar home renewable energy credits from homeowners and third-party system owners receiving RSIP incentives, being the SHREC Projects. See the caption "THE TRUST ESTATE—Description of SHRECs" herein for a description of SHRECs and the SHREC Projects. The term "Green Bonds" and "Green Projects" are neither defined in, nor related to, the Indenture, and their use herein is solely for identification purposes and is not intended to provide or imply that the owners of the Series 2020 Bonds are entitled to any security other than that described under the heading "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2020 BONDS" herein. The Green Bank makes no representation that every component of the projects being financed with the Series 2020 Bonds meets the classification of a Green Project. The Green Bank assumes no obligation to ensure compliance with any legal or other principles of Green Bonds as such principles may evolve over time.

The Green Bank has established a green bond framework (the "Framework") in accordance with the "Green Bond Principles 2018" promulgated by the International Capital Market Association (the "Green Bond Principles") for use in connection with the Series 2020 Bonds. Pursuant to the Framework, the Green Bank's mission is to \_\_\_\_\_.

In connection with the Series 2020 Bonds and the Green Projects to be financed with the Series 2020 Bonds, the Green Bank has contracted with Kestrel Verifiers ("Kestrel") to assess the alignment of the Series 2020 Bonds with the Green Bond Principles. Kestrel is a division of Kestrel Consulting, an advisor to state and local government organizations for over 18 years. Accredited as an "Approved Verifier" by the Climate Bonds Initiative, Kestrel is qualified to evaluate bonds against the Green Bonds Principles, Climate Bonds Initiative, and Social Bonds Principles. Kestrel is a Woman-Owned Small Business and a certified Women's Business Enterprise.

The Green Bond Principles 2018 are voluntary process guidelines that recommend transparency and disclosure of information by issuers to stakeholders with respect to “Green Bonds.” The Green Bond Principles 2018 have four main components: (i) use of bond proceeds, (ii) process for project evaluation and selection, (iii) management of bond proceeds, and (iv) reporting the use of the bond proceeds. Kestrel has provided the Green Bank with a “[**Second-Party Opinion of Alignment with Green Bond Principles for Green Bank Series 2020 Bond Issuance**]” indicating that the Framework is aligned with the Green Bond Principles and has been consistently applied to the pre-issuance of the Series 2020 Bonds. See “APPENDIX I-E—[**SECOND PARTY OPINION OF ALIGNMENT WITH GREEN BOND PRINCIPLES FOR GREEN BANK SERIES 2020 BOND ISSUANCE**]” hereto.

*Use of Series 2020 Bond Proceeds.* All of the proceeds of the Series 2020 Bonds[, **net of the deposit to the Special Capital Reserve Fund and issuance costs,**] will be used on the Closing Date to refinance the Green Projects (evidenced by the SHRECs aggregated into SHREC Tranche 3). The SHRECs within SHREC Tranche 3 are described under the caption “TRUST ESTATE—SHREC Tranche 3” herein.

*Process for Project Evaluation and Selection.* The process for evaluating and selecting the Green Projects is described under the caption “THE TRUST ESTATE—Description of SHRECs” herein.

*Management of Series 2020 Bond Proceeds.* It is the Green Bank’s obligation to track the net proceeds of the Series 2020 Bonds and confirm that such proceeds are used to refinance eligible Green Projects.

*Reporting the Use of the Series 2020 Bond Proceeds.* [**All of the net proceeds of the Series 2020 Bonds will be expended on the Closing Date to refinance the Green Projects as described in this Official Statement; therefore, the Green Bank will not be required to provide any additional post-issuance reporting.**] [The Green Bank will provide a final report describing the Green Projects financed with the proceeds of the Series 2020 Bonds in connection with its first annual report delivered pursuant to its continuing disclosure requirement. See the caption “CONTINUING DISCLOSURE” herein.]

The opinion of Kestrel reflects only the views of Kestrel. Any explanation of the significance of its opinion may be obtained from Kestrel, which opinion was based upon Kestrel’s own investigation, studies, assumptions and criteria. The Green Bank furnished certain information to Kestrel with respect to the Series 2020 Bonds and the Green Projects to be financed with the Series 2020 Bonds.

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#### Climate Bond Certified

The Green Bank is a recognized leader in Green Finance with a goal of increasing investment in green technology and renewable energy. The Green Bank has set goals to increase annual clean energy investment to \$800 per person, which is the level needed to hold off the worst effects of climate change as identified by the Intergovernmental Panel on Climate Change.

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Working to advance its mission to “confront climate change and provide all of society a healthier and more prosperous future by increasing and accelerating the flow of private capital into markets that energize the green economy,” The Green Bank envisions a world powered by the renewable energy of community. With this vision in mind, the SCHREC Projects are designed to support renewable energy production free from harmful emissions through solar energy production.

The information set forth below concerning (i) the Climate Bonds Initiative (“CBI”) and the process for obtaining certification from CBI, and (ii) Kestrel in its role as a verifier with respect to the certification of the Series 2020 Bonds as Climate Bond Certified, all as more fully described below, has been extracted from materials provided by CBI and Kestrel. Additional information relating to CBI and the certification process can be found at [www.climatebonds.net](http://www.climatebonds.net). The CBI website is included for reference only and the information contained therein is not incorporated by reference in this Official Statement.

In connection with the Series 2020 Bonds and the SCHREC Projects, the Green Bank applied to the Climate Bonds Initiative (“CBI”) for designation of the Series 2020 Bonds as “Climate Bond Certified.” CBI is an independent not-for-profit organization that works solely on mobilizing the bond market for climate change solutions. CBI has established a certification program that provides criteria for eligible projects to be considered a Certified Climate Bond. Rigorous scientific criteria ensure that financed activities are consistent with the 2 degrees Celsius warming limit established in the 2016 Paris Agreement which exists within the United Nations Framework Convention on Climate Change, to address greenhouse-gas-emissions mitigation, adaptation, and finance. The CBI certification program is used globally by bond



issuers, governments, investors and the financial markets to prioritize investments which genuinely contribute to addressing climate change.

The CBI standards use credible, science-based, widely supported guidelines about what should and should not be considered a qualifying climate-aligned investment to assist investors in making informed decisions about the environmental credentials of a bond. In order to receive the CBI certification, the Green Bank engaged Kestrel, a third-party CBI approved verifier, to provide verification to the CBI Certification Board that the Series 2020 Bonds meet the CBI standards and relevant sector criteria. Kestrel reviewed and provided verification to CBI, and CBI certified the Series 2020 Bonds as Climate Bonds on \_\_\_\_\_, 2020. Kestrel will also provide a post-issuance report to CBI as to whether the proceeds of the Series 2020 Bonds have been allocated properly.

The terms “Climate Bond Certified” and “Green Bonds” are solely for identification purposes and are not intended to provide or imply that the owners of the Series 2020 Bonds are entitled to any security other than that described under the caption “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2020 BONDS” herein.

The certification of the Bonds as Climate Bonds by the CBI is based solely on the Climate Bond Standard and does not, and is not intended to, make any representation or give any assurance with respect to any other matter relating to the Series 2020 Bonds or the SCHREC Projects, including but not limited to this Official Statement, the transaction documents, the Green Bank or the management of the Green Bank

The certification of the Series 2020 Bonds as Climate Bonds by the CBI was addressed solely to the Green Bank’s Board of Directors and is not a recommendation to any person to purchase, hold or sell the Series 2020 Bonds and such certification does not address the market price or suitability of the Series 2020 Bonds for a particular investor. The certification also does not address the merits of the decision by the Green Bank or any third party to participate in any nominated project and does not express and should not be deemed to be an expression of an opinion as to the Green Bank or any aspect of the SCHREC Projects (including but not limited to the financial viability of the SCHREC Projects) other than with respect to conformance with CBI’s standards for Certified Climate Bonds.

In issuing or monitoring, as applicable, the certification, CBI and Kestrel have assumed and relied upon and will assume and rely upon the accuracy and completeness in all material respects of the information supplied or otherwise made available to CBI and Kestrel. CBI does not assume or accept any responsibility to any person for independently verifying (and it has not verified) such information or to undertake (and it has not undertaken) any independent evaluation of any nominated project or the Green Bank.

In addition, CBI does not assume any obligation to conduct (and it has not conducted) any physical inspection of any nominated project. The certification may only be used with the Series 2020 Bonds and may not be used for any other purpose without CBI’s prior written consent.

The certification does not and is not in any way intended to address the likelihood of timely payment of interest when due on the Series 2020 Bonds and/or the payment of principal at maturity or any other date.

The certification may be withdrawn at any time in the Climate Bonds Initiative’s sole and absolute discretion and there can be no assurance that such certification will not be withdrawn.

The Green Bank has engaged Kestrel to provide a Verification on the Series 2020 Bonds’ conformance with the Climate Bond Standard V3.0. Kestrel has determined that the projects to be financed with the proceeds of the Series 2020 Bonds satisfy the Climate Bond Standard V3.0 and the Solar Sector Criteria. Accredited as an “Approved Verifier” by the Climate Bonds Initiative, Kestrel is qualified to evaluate bonds against the Climate Bonds Initiative Standards and Criteria in all sectors worldwide. Kestrel’s Climate Bond Verifier’s report can be found in “APPENDIX I-G—CLIMATE BOND VERIFIER’S REPORT” hereto.

See the caption “THE TRUST ESTATE” herein and “APPENDIX I-F—GREEN STANDARDS” hereto for more information on the SHREC Projects, the Certification Process and the Climate Bonds Standard.

#### **United Nations Sustainable Development Goal 7**

By reference to the International Capital Markets Association’s “Green and Social Bonds: A High-Level Mapping to the Sustainable Development Goals” (June 2019), the Green Bank has determined that the Agency’s Green Bonds

designation reflects the use of the proceeds of the Series 2020 Bonds in a manner that is consistent with “Goal 7: Affordable Clean Energy” of the United Nations 17 Sustainable Development Goals (referred to as “UNSDGs” generally and “SDG 7” specifically). According to the United Nations, the UNSDGs were adopted by the United Nations General Assembly in September 2015 as part of its 2030 Agenda for Sustainable Development. According to the United Nations, SDG 7 is focused on ensuring access to affordable, renewable, sustainable, and modern energy for all.

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## SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2020 BONDS

### General

The Series 2020 Bonds will be limited obligations of the Green Bank, payable solely from and secured by all money, revenues and receipts to be received under the Indenture, including all SHREC Receivables and other Revenues and all interest or other income derived from the investment or deposit of moneys in the Funds and Accounts, including amounts on deposit in the Special Capital Reserve Fund (to which, under certain circumstance described below, amounts may be paid from the State general fund pursuant to Section 16-245mm of the Connecticut General Statutes). See the captions “THE TRUST ESTATE” and “DESCRIPTION OF THE INDENTURE” herein, “APPENDIX I-A—CERTAIN DEFINITIONS AND SUMMARY OF THE INDENTURE” hereto and the caption “OTHER FUNDS, DEBTS AND LIABILITIES—Contingent Liability Debt—*Special Capital Reserve Funds*” in Part II of this Official Statement.

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**THE SERIES 2020 BONDS SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OR LIABILITY OF THE STATE OR OF ANY POLITICAL SUBDIVISION THEREOF OR A PLEDGE OF THE FULL FAITH AND CREDIT OF THE STATE OR ANY SUCH POLITICAL SUBDIVISION THEREOF (OTHER THAN THE GREEN BANK), BUT SHALL BE PAYABLE SOLELY FROM THE TRUST ESTATE AND OTHER RECEIPTS, FUNDS OR MONEYS PLEDGED THEREFOR PURSUANT TO THE INDENTURE. THE STATE SHALL NOT BE OBLIGATED TO PAY THE SERIES 2020 BONDS OR THE INTEREST THEREON, NOR SHALL THE GREEN BANK BE OBLIGATED TO PAY THE SERIES 2020 BONDS OR THE INTEREST THEREON EXCEPT FROM THE REVENUES AND OTHER RECEIPTS, FUNDS AND MONEYS PLEDGED THEREFOR. NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OR OF ANY POLITICAL SUBDIVISION THEREOF (INCLUDING, FOR PURPOSES OF THIS SENTENCE, THE GREEN BANK) IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL, INTEREST, OR PREMIUM, IF ANY, ON THE SERIES 2020 BONDS. THE GREEN BANK HAS NO TAXING POWER. THE ISSUANCE OF THE SERIES 2020 BONDS SHALL NOT DIRECTLY OR INDIRECTLY OR CONTINGENTLY OBLIGATE THE STATE OR ANY POLITICAL SUBDIVISION THEREOF TO LEVY OR TO PLEDGE ANY FORM OF TAXATION WHATEVER THEREFOR OR TO MAKE ANY APPROPRIATIONS FOR THEIR PAYMENT, EXCEPT AS PROVIDED IN THE INDENTURE.**

The Green Bank will pledge and assign to the Trustee in respect of the Series 2020 Bonds all its right, title and interest in and to the Trust Estate; that is, all money, revenues and receipts to be received under the Indenture, including all Revenues and all interest or other income derived from the investment or deposit of moneys in any Funds and Accounts, including the Special Capital Reserve Fund.

### The Special Capital Reserve Fund

Section 16-245mm of the Connecticut General Statutes authorizes the Green Bank to establish one or more special capital reserve funds for its bonds. The Indenture establishes the Special Capital Reserve Fund for the Series 2020 Bonds, and provides that it shall be funded in an amount equal to the maximum amount of principal and interest becoming due on the Series 2020 Bonds by reason of maturity or required sinking fund payment in any single succeeding calendar year.

If at any time any interest on the Series 2020 Bonds or the principal or Redemption Price of the Series 2020 Bonds has become due and payable and payment thereof in full has not been made or provided for, the Trustee is required to withdraw from the Special Capital Reserve Fund, to the extent of moneys therein, an amount which, together with other amounts available for such payment, shall be sufficient to provide for such payment in full.

Section 16-245mm of the Connecticut General Statutes states that:

“Prior to December first, annually, the Connecticut Green Bank shall deposit into any special capital reserve fund, the balance of which has fallen below the required minimum capital reserve of such fund, the full amount required to meet the minimum capital reserve of such fund, as available to said bank

from any resources of said bank not otherwise pledged or dedicated to another purpose. On or before December first, annually, but after said bank has made such required deposit, there is deemed to be appropriated from the General Fund such sums, if any, as shall be certified by the chairperson or vice-chairperson of the Connecticut Green Bank to the Secretary of the Office of Policy and Management, the State Treasurer and the joint standing committees of the General Assembly having cognizance of matters relating to finance, revenue and bonding and energy, as necessary to restore each such special capital reserve fund to the amount equal to the required minimum capital reserve of such fund, and such amounts shall be allotted and paid to said bank.”

In the opinion of Bond Counsel, such appropriation and payment from the general fund of the State does not require further legislative approval. The Indenture provides that it will be an Event of Default if: (i) with respect to Series 2020 Bonds secured by the Special Capital Reserve Fund, the Green Bank shall fail or refuse to comply with the provisions of the Indenture dealing with the Special Capital Reserve Fund, or such amounts as shall be certified by the chairperson of the Green Bank to the Secretary of the Office of Policy and Management and Treasurer of the State of Connecticut pursuant to such provisions of the Act shall not be allotted and paid by the State of Connecticut to the Green Bank for deposit therein and such allotment and payment is not made prior to the second day succeeding the final adjournment of (i) the session of the General Assembly of the State of Connecticut convening when such certification shall have been made or, if the General Assembly is not then in session, (ii) the first session of the General Assembly of the State of Connecticut convening after such certification shall have been made.

In the opinion of Bond Counsel, the Indenture constitutes a valid and binding agreement of the Green Bank, enforceable in accordance with its terms. The pledges and covenants made in the Indenture, including those relating to the Special Capital Reserve Fund, are for the equal and ratable benefit and security of the owners of the Series 2020 Bonds. Pursuant to the Act, the aggregate amount of outstanding bonds issued by the Green Bank which may be secured by special capital reserve funds is \$100 million and upon issuance of the Series 2020 Bonds, the aggregate amount of outstanding bonds of the Green Bank so secured will be \$\_\_\_\_\_ million. This amount includes \_\_\_\_\_.

#### **Covenants as to Special Capital Reserve Fund**

The Green Bank covenants that it shall at all times maintain the Special Capital Reserve Fund at the Special Capital Reserve Fund Requirement and do and perform or cause to be done and performed each and every act and thing with respect to the Special Capital Reserve Fund provided to be done or performed by or on behalf of the Green Bank or the Trustee under the terms and provisions of the Indenture and Section 16-245mm of the Connecticut General Statutes.

If at any time any Principal Payment on the Series 2020 Bonds, including any mandatory sinking fund installment, or any Interest Payment due thereon, or any Redemption Price of Series 2020 Bonds has become due and payable and payment thereof in full has not been made or provided for, the Trustee is required to (i) withdraw from the Special Capital Reserve Fund an amount which together with other amounts available for such payment is sufficient to provide for such payment in full and apply the amount so withdrawn to such payment, and (ii) no later than the next Business Day after such withdrawal, provide a notice to the Green Bank of such deficiency. In addition, forty-five (45) days prior to each Interest Payment Date and Principal Payment Date, the Trustee is required to determine whether the moneys or deposits in the respective Accounts within the Debt Service Fund are sufficient to make the next succeeding Interest Payment and Principal Payment. If such moneys or deposits are not sufficient to make such payments, the Trustee is required to, no later than the next Business Day, provide a notice to the Green Bank of such deficiency to permit the Green Bank to remedy such deficiency prior to such Interest Payment Date or Principal Payment Date, as applicable. Presently, the Green Bank has entered into a Master Trust Indenture, dated as of May 1, 2020 (the “Master Trust Indenture”), between the Green Bank and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Master Trustee”), pursuant to which the Green Bank intends to fund any such deficiency from amounts on deposit therein; however, the Green Bank is not required to maintain any such funding mechanism. Owners of the Series 2020 Bonds should not rely upon the Green Bank to fund any deficiency in any Interest Payment or Principal Payment from amounts on deposit in the Master Trust Indenture or otherwise.

Prior to December 1, annually, the Green Bank will deposit, or cause to be deposited, into the Special Capital Reserve Fund, the balance of which has fallen below the Special Capital Reserve Fund Requirement, the full amount required to meet Special Capital Reserve Fund Requirement, as available to the Green Bank from any resources of the Green Bank not otherwise pledged or dedicated to another purpose, including, if applicable, any resources available in the Master Trust Indenture. On or before December 1, annually, but after the Green Bank has made such required deposit, the State of Connecticut shall deem to be appropriated from the State of Connecticut general fund such sums, if any, as shall be certified by the chairperson or vice-chairperson of the Green Bank to the Secretary of the Office of Policy and Management, the State

Treasurer and the joint standing committees of the General Assembly having cognizance of matters relating to finance, revenue and bonding and energy, as necessary to restore the Special Capital Reserve Fund to the Special Capital Reserve Fund Requirement, and such amounts shall be allotted and paid to Green Bank. For the purpose of evaluation of any such fund, obligations acquired as an investment for the Special Capital Reserve Fund shall be valued at market value as of the date of calculation. Nothing described above shall preclude the Green Bank from establishing and creating other debt service reserve funds in connection with the issuance of bonds or notes of the Green Bank which are not a special capital reserve fund.

### **THE SERIES 2020 BONDS**

The following is a summary of certain provisions of the Series 2020 Bonds. Reference is hereby made to the Indenture and the Series 2020 Bonds in their entirety for the detailed provisions thereof. The Series 2020 Bonds will be issued in the aggregate principal amount shown on the cover page of this Official Statement.

#### **General**

The Series 2020 Bonds will be issued initially in the form of one fully registered bond for each stated maturity, without coupons, in a denomination equal to the aggregate principal amount of such stated maturity and will be registered in the name of Cede & Co., as nominee of DTC. DTC will act as securities depository for the Series 2020 Bonds (together with any successor securities depository, the "Securities Depository"). See the caption "Securities Depository" below. Beneficial interests in the Series 2020 Bonds may be purchased in book-entry-only form, in denominations of \$1,000 or any integral multiple thereof.

Payment of the principal of, and interest on, the Series 2020 Bonds at maturity shall be made upon the presentation and surrender of the Series 2020 Bonds as hereinafter described. All payments of interest and premium, if any, on, and of principal upon redemption of, the Series 2020 Bonds prior to maturity shall be paid through the Securities Depository in accordance with its normal procedures, which now provide for payment by the Securities Depository to its participants in same-day funds.

In accordance with DTC procedures, conveyance of notices and other communications are to be made by the Trustee to DTC and by DTC to Direct Participants (as hereinafter defined), by Direct Participants to Indirect Participants (as hereinafter defined), and by Direct and Indirect Participants to beneficial owners. Cede & Co. is the Bondholder for all purposes under the Series 2020 Bond documents, including for the purposes of granting consents and for changes to the Series 2020 Bond documents. Beneficial owners may wish to take steps to ensure the transmission to them of notices of significant events with respect to the Series 2020 Bonds, such as redemptions, tenders, tender offers, defaults, and proposed amendments to the Series 2020 Bond documents. Each beneficial owner of Series 2020 Bonds must make arrangements with its participant to receive notices and payments with respect to the Series 2020 Bonds.

#### **Securities Depository**

The information contained in the following paragraphs under this caption "Securities Depository" has been extracted from a schedule prepared by DTC entitled "SAMPLE OFFERING DOCUMENT LANGUAGE DESCRIBING BOOK-ENTRY-ONLY ISSUANCE." The Green Bank and the Underwriter make no representation as to the completeness or the accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.

DTC, New York, New York, will act as Securities Depository for the Series 2020 Bonds. The Series 2020 Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each stated maturity of the Series 2020 Bonds, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited

securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The DTC rules applicable to its Participants are on file with the Securities and Exchange Commission ("SEC"). More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) (it being understood that information available at this website is not incorporated herein by reference).

Purchases of Series 2020 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2020 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2020 Bond (the "beneficial owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial owners will not receive written confirmation from DTC of their purchase, but beneficial owners are expected to receive written confirmation providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the beneficial owner entered into the transaction. Transfers of ownership interests in the Series 2020 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of beneficial owners. Beneficial owners will not receive certificates representing their ownership interests in Series 2020 Bonds, except in the event that use of the book-entry-only system for the Series 2020 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2020 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2020 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual beneficial owners of the Series 2020 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2020 Bonds are credited, which may or may not be the beneficial owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to beneficial owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial owners of Series 2020 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2020 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2020 Bond documents. For example, beneficial owners of the Series 2020 Bonds may wish to ascertain that the nominee holding the Series 2020 Bonds for their benefit has agreed to obtain and transmit notices to beneficial owners. In the alternative, beneficial owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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Redemption notices shall be sent to DTC. If less than all of the Series 2020 Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such Series 2020 Bond to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2020 Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Green Bank as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Series 2020 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds and principal and interest payments on the Series 2020 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detailed information from the Green Bank or the Trustee, on each payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to beneficial owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee or the Green Bank, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and principal and interest payments to Cede & Co. (or such

other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Green Bank or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC and disbursement of such payments to the beneficial owners will be the responsibility of Direct and Indirect Participants.

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DTC may discontinue providing its services as depository with respect to the Series 2020 Bonds at any time by giving reasonable notice to the Green Bank or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, certificates for the Series 2020 Bonds are required to be printed and delivered and thereafter, transfer, exchange and replacement of Series 2020 Bonds would be governed by the applicable terms of the Indenture.

The Green Bank may decide to discontinue use of the system of book entry transfers through DTC (or a successor depository). In that event, certificates for the Series 2020 Bonds will be printed and delivered.

The above information concerning DTC and DTC's book-entry-only system has been obtained from sources that the Green Bank and the Underwriter believe to be reliable, but neither of the Green Bank or the Underwriter takes responsibility for the accuracy thereof.

THE GREEN BANK, THE TRUSTEE AND THE UNDERWRITERS HAVE NO RESPONSIBILITY WITH RESPECT TO: (I) THE ACCURACY OF THE RECORDS OF THE SECURITIES DEPOSITORY OR ANY PARTICIPANT AS TO THE BENEFICIAL OWNERSHIP OF THE SERIES 2020 BONDS; (II) THE DELIVERY OF EITHER NOTICES OR PAYMENT TO ANY PARTY OTHER THAN THE SECURITIES DEPOSITORY OR ITS NOMINEE AS REGISTERED OWNER OF THE SERIES 2020 BONDS; (III) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY THE SECURITIES DEPOSITORY OR ITS NOMINEE AS THE OWNER OF RECORD OF ALL ISSUED AND OUTSTANDING SERIES 2020 BONDS; OR (IV) THE SELECTION BY THE SECURITIES DEPOSITORY OR ANY PARTICIPANTS OR ANY BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF SERIES 2020 BONDS.

#### **Interest**

Interest will be computed on the basis of a 360-day year, consisting of twelve 30-day months. Interest on the Series 2020 Bonds will be payable semi-annually on May 15 and November 15 of each year, commencing November 15, 2020 (each, an "Interest Payment Date"). The record date for payment of interest on the Series 2020 Bonds is the last business day of any calendar month proceeding the month in which there occurs an Interest Payment Date.

#### **Redemption**

*Optional Redemption.* The Series 2020 Bonds maturing on or after \_\_\_\_\_ 1, \_\_\_\_ are subject to optional redemption prior to maturity at the option of the Green Bank, on or after November 15, \_\_\_\_, at any time, in whole or in part, and by lot within maturity, in such amounts and in such order of maturity as the Green Bank may determine, at a redemption price equal to one hundred percent (100%) of the principal amount of the Series 2020 Bonds to be redeemed, plus interest accrued and unpaid to the redemption date.

*Mandatory Sinking Fund Redemption.* The Term Series 2020 Bonds are subject to mandatory sinking fund redemption prior to maturity, beginning November 15, \_\_\_\_, at a redemption price equal to one hundred percent (100%) of the principal amount of the Term Series 2020 Bonds to be redeemed, plus interest accrued and unpaid to the redemption date. Unless no portion of the Term Series 2020 Bonds to be so redeemed shall then be Outstanding and, subject to the provisions of the Indenture permitting amounts to be credited to part or all of any one or more Sinking Fund Installments, there shall be due from, and the Green Bank shall be required to pay for the retirement of the Term Series 2020 Bonds on November 15 of each of the years set forth below, the amount set forth opposite such year, and the said amount to be paid on each such date is hereby established as and shall constitute a Sinking Fund Installment for retirement of such portion of the Term Series 2020 Bonds.



- (i) Interest Account, and
- (i) Principal Account;
- (c) Cost of Issuance Fund;
- (d) Special Capital Reserve Fund;
- (e) Redemption Fund; and
- (f) 2020 SHREC Economic and Energy Security Fund.

In addition to the Accounts established in subsections (a) above, the Trustee shall, at the written request of Green Bank, establish such additional Funds or, within any Fund held by the Trustee, such Accounts as shall be designated in the written instructions of an Authorized Representative of Green Bank and shall in like manner establish within any Account such subaccounts for the purposes of such Accounts as shall be so designated.

The Trustee is required to deposit into the Revenue Fund, as and when such amounts are received, (i) all Revenues, (ii) all amounts delivered by or at the direction of the Green Bank to the Trustee for deposit therein, and (iii) any other amounts required to be deposited therein pursuant to the Indenture.

**Application of Revenues held in the Revenue Fund**

The Trustee is required to use and withdraw amounts in the Revenue Fund on the second Business Day immediately preceding the first day of each calendar month and apply such amounts as follows:

FIRST: to the Interest Account in the Debt Service Fund, the amount necessary to make the payment of the next succeeding Interest Payment;

SECOND: to the Principal Account in the Debt Service Fund, the amount necessary to make the next succeeding Principal Payment;

THIRD: to the Special Capital Reserve Fund, the amount, if any, necessary to make the total on deposit equal the Special Capital Reserve Fund Requirement;

FOURTH: to the Redemption Fund, the amount, if any, required pursuant to the Indenture; and

FIFTH: to the 2020 SHREC Economic Energy and Security Fund, the balance.

**Debt Service Fund**

The Debt Service Fund is established to pay the Principal Payments and Interest Payments on the Series 2020 Bonds. See the caption “Funds and Accounts—*Debt Service Fund*” in “APPENDIX I-A—CERTAIN DEFINITIONS AND SUMMARY OF THE INDENTURE” hereto.

The Trustee is required to pay from the moneys or deposits in the respective Accounts in the Debt Service Fund (i) on each Interest Payment Date, the amounts required for the payment of the Interest Payment due on such date, (ii) on each Principal Payment Date, the amounts required for the payment of the Principal Payment (including any Sinking Fund Installments) due on such date, and (iii) on any redemption date or date of purchase, the amounts required for the payment of accrued interest on the Series 2020 Bonds to be redeemed or purchased on such date unless the payment of such accrued interest shall be otherwise provided. Forty-five (45) days prior to each Interest Payment Date and Principal Payment Date, the Trustee shall determine whether the moneys or deposits in the respective Accounts within the Debt Service Fund are sufficient to make the next succeeding Interest Payment and Principal Payment. If such moneys or deposits are not sufficient to make such payments, the Trustee shall, no later than the next Business Day, provide a notice to the Green Bank of such deficiency to permit the Green Bank to remedy such deficiency prior to such Interest Payment Date or Principal Payment Date, as applicable. Presently, the Green Bank intends to fund any such deficiency from amounts on deposit in the Master Trust Indenture; however, the Green Bank is not required to maintain any such funding mechanism. Owners of the



Series 2020 Bonds should not rely upon the Green Bank to fund any deficiency in any Interest Payment or Principal Payment from amounts on deposit in the Master Trust Indenture or otherwise.

The amounts accumulated in the Principal Account of the Debt Service Fund for each Sinking Fund Installment will, if so directed in writing by an Authorized Representative, be applied (together with amounts with respect to interest on the Term Series 2020 Bonds for which such Sinking Fund Installment was established) by the Trustee prior to the forty-fifth (45th) day preceding the due date of such Sinking Fund Installment to the purchase of the Term Series 2020 Bonds and maturity for which such Sinking Fund Installment was established, at prices (including any brokerage and other charges) not exceeding the Redemption Price payable for such Term Series 2020 Bonds when such Term Series 2020 Bonds are redeemable by application of such Sinking Fund Installment, plus unpaid interest accrued to the date of purchase, such purchases to be made by the Trustee as directed in writing by an Authorized Representative.

Upon the purchase of any Term Series 2020 Bond described in the preceding paragraph, an amount equal to the principal amount of the Term Series 2020 Bond so purchased or redeemed shall be credited toward the next Sinking Fund Installment thereafter to become due and the amount of any excess of the amounts so credited over the amount of such Sinking Fund Installment shall be credited against future Sinking Fund Installments in direct chronological order.

In connection with each Sinking Fund Installment, the Trustee is required to provide notice of redemption to the Bondholders of the Term Series 2020 Bonds for which such Sinking Fund Installment was established in such amount as shall be necessary to complete the retirement of the principal amount specified for such Sinking Fund Installment of the Term Series 2020 Bonds. The Trustee shall so call such Term Series 2020 Bonds for redemption whether or not it then has moneys in the Debt Service Fund sufficient to pay the applicable Redemption Price thereof on the redemption date.

#### **Special Capital Reserve Fund**

The Special Capital Reserve Fund is established to secure the payment of the Principal Payments and Interest Payments on the Series 2020 Bonds. See the caption “USE OF PROCEEDS—Sources and Uses” herein and the caption “Funds and Accounts—*Special Capital Reserve Fund*” in “APPENDIX I-A—CERTAIN DEFINITIONS AND SUMMARY OF THE INDENTURE” hereto.

The Special Capital Reserve Fund will initially be funded in an amount equal to \$\_\_\_\_\_ (the “Special Capital Reserve Fund Requirement”) from the proceeds of the Series 2020 Bonds. Any amounts paid by the Green Bank to the Trustee pursuant to the Master Trust Indenture or otherwise shall, as provided by the Green Bank, be deposited by the Trustee into and credited to the Interest Account in the Debt Service Fund until such amount equals the amount required to pay the Interest Payment due on the next succeeding Interest Payment Date, then to the Principal Account in the Debt Service Fund until such amount equals the amount required to pay the Principal Payment due on the next succeeding Principal Payment Date, then to the Special Capital Reserve Fund to satisfy the Special Capital Reserve Fund Requirement; and any balance not so applied shall be transferred by the Trustee to the 2020 SHREC Economic Energy and Security Fund.

If at any time any Principal Payment, including any Sinking Fund Installment, or any Interest Payment due thereon, or any Redemption Price of Bonds has become due and payable and payment thereof in full has not been made or provided for, the Trustee shall (i) forthwith withdraw from the Special Capital Reserve Fund an amount which together with other amounts available for such payment shall be sufficient to provide for such payment in full and apply the amount so withdrawn to such payment, and (ii) no later than the next Business Day after such withdrawal, provide a Notice to Green Bank of such deficiency. Presently, the Green Bank intends to fund any such deficiency from amounts on deposit in the Master Trust Indenture; however, the Green Bank is not required to maintain any such funding mechanism. Owners of the Series 2020 Bonds should not rely upon the Green Bank to fund any deficiency in any Interest Payment or Principal Payment from amounts on deposit in the Master Trust Indenture or otherwise.

The Green Bank shall pay to the Trustee upon receipt thereof any moneys allotted and paid to the Green Bank by the State pursuant to the Act for the purpose of restoring the Special Capital Reserve Fund to the amount of the Special Capital Reserve Fund Requirement. See the captions “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2020 BONDS—The Special Capital Reserve Fund” and “—Covenants as to Special Capital Reserve Fund” herein.

### **Cost of Issuance Fund**

The Cost of Issuance Fund is established to pay the costs of issuing the Series 2020 Bonds. See the caption “USE OF PROCEEDS—Sources and Uses” herein and the caption “Funds and Accounts—*Cost of Issuance Fund*” in “APPENDIX I-A—CERTAIN DEFINITIONS AND SUMMARY OF THE INDENTURE” hereto.

Moneys on deposit in the Costs of Issuance Fund shall be applied to pay the persons entitled thereto the Costs of Issuance relating to the issuance of the Series 2020 Bonds. Any moneys remaining on hand in the Costs of Issuance Fund upon the earlier of (i) payment of all Costs of Issuance or (ii) \_\_\_\_\_, 2020, shall be transferred by the Trustee to the Revenue Fund.

### **Redemption Fund**

The Redemption Fund is established to pay the Redemption Price on the Series 2020 Bonds. See the caption “Funds and Accounts—*Redemption Fund*” in “APPENDIX I-A—CERTAIN DEFINITIONS AND SUMMARY OF THE INDENTURE” hereto.

There shall be deposited into the Redemption Fund amounts required to be deposited therein pursuant to paragraph “FOURTH” described under the caption “Application of Revenues held in the Revenue Fund” above for the redemption of Series 2020 Bonds. Amounts in the Redemption Fund may be applied as directed by the Green Bank to the purchase of Series 2020 Bonds at prices not exceeding the Redemption Price thereof applicable on the next redemption date plus accrued interest to such next redemption date (such redemption date shall be the earliest date upon which Series 2020 Bonds are subject to redemption from such amounts) or to the redemption of Bonds as described under the caption of “THE SERIES 2020 BONDS—Redemption” herein.

### **2020 SHREC Economic and Energy Security Fund**

The 2020 SHREC Economic and Energy Security Fund is established to collect Revenues not otherwise required to be deposited to the other Funds and Accounts established pursuant to the Indenture. See the caption “Funds and Accounts—*2020 SHREC Economic and Energy Security Fund*” in “APPENDIX I-A—CERTAIN DEFINITIONS AND SUMMARY OF THE INDENTURE” hereto.

There shall be deposited into the 2020 SHREC Economic and Energy Security Fund amounts required to be deposited therein pursuant to paragraph “FIFTH” described under the caption “Application of Revenues held in the Revenue Fund” above. The Trustee shall, no later than the second Business Day of each calendar month, transfer moneys credited to the 2020 SHREC Economic and Energy Security Fund to the Master Trustee under the Master Trust Indenture for deposit into the Revenue Fund of the Master Trust Indenture.

### **INVESTMENT CONSIDERATIONS**

*The following investment considerations describe certain risk factors of an investment in the Series 2020 Bonds. Additional investment considerations relating to an investment in the Series 2020 Bonds are described throughout this Official Statement, whether or not specifically designated as investment considerations. Investors should consider such investment considerations in deciding whether to purchase any of the Series 2020 Bonds. There can be no assurance that other investment considerations will not become material in the future. In the event of a shortfall of Revenues, material delays in payments of principal or interest, or losses, on the Series 2020 Bonds could result and could materially reduce the value of the Series 2020 Bonds. These and other factors could result in a loss of marketability, or of market value, of the Series 2020 Bonds even if no such payment delay or loss occurs.*

### **Reliance on State of Connecticut Rating**

The Series 2020 Bonds are supported by the State of Connecticut through a special capital reserve fund (see the caption “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2020 BONDS—The Special Capital Reserve Fund” herein) and the Green Bank is advised by the rating agency that its State of Connecticut supported revenue bonds, including the Series 2020 Bonds, are rated based upon the creditworthiness of the State of Connecticut. See Part II of this Official Statement and the appendices thereto for a discussion of the State of Connecticut.

### **General Economic Conditions.**

Worsening economic conditions within the State of Connecticut could have a negative impact on State of Connecticut's ability to cure a deficiency in the Special Capital Reserve Fund maintained to meet payments of debt service on Series 2020 Bonds. See the caption "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2020 BONDS—The Special Capital Reserve Fund" herein. The State of Connecticut's financial results could be harmed by a national or localized outbreak of a highly contagious or epidemic disease. If an outbreak of an infectious disease such as, but not limited to, the COVID-19 disease, Zika virus or Ebola virus were to occur in the State of Connecticut, its financial results could be adversely affected. The effect of these factors, including the effect on the timing and amount of available funds to cure a deficiency in the Special Capital Reserve Fund, is impossible to predict.

### **The Capacities of the SHREC Systems in the Portfolio are Estimates and Averages Only, Based on Assumptions, and Production May Not Meet These Estimates**

The Green Bank has relied upon certain assumptions of the average capacity across the SHREC Tranche 3 portfolio, in estimating what the SHREC Systems can be expected to generate in MWh of electricity.

The Green Bank has also relied upon estimates and assumptions concerning the annual rate of degradation over the 15-year term of SHREC Tranche 3. These assumptions and estimates may not accurately predict the actual MWh of electricity the SHREC Systems actually produce and that the Utilities are required to purchase under the Master Purchase Agreements. Under the Master Purchase Agreements, the Utilities are required to pay for only the SHRECs that are delivered by the Green Bank in the preceding month to the respective Utility's NEPOOL GIS account. Any decrease in the anticipated amount of such SHRECs generated by the SHREC Systems within SHREC Tranche 3 would result in reduced cash flow from the Utilities to the Green Bank. This would impair the Green Bank's ability to pay the principal and interest on the Series 2020 Bonds. These estimates of potential SHREC System capacity are estimates of production only, and no guarantee of ultimate performance is offered, granted, suggested or implied.

### **The Transfer of the SHRECs From the Green Bank to the Utilities Relies Upon the NEPOOL GIS**

Under the Master Purchase Agreements, the SHRECs are created and transferred on a virtual system, the New England Power Pool Generation Information System or any successor thereto, which includes a generation information database and certificate system, operated by the New England Power Pool ("NEPOOL"), its designee or successor entity, which accounts for the generation attributes of electricity generated within New England. The SHREC transfer contemplated by the Master Purchase Agreements is wholly dependent upon the continued functioning of the NEPOOL GIS (generation information system) without disruption. Should any temporary or permanent disruption of the NEPOOL GIS occur, delays in the calculation and payments due from the Utilities to the Green Bank may occur. This would impair the Green Bank's ability to pay the principal and interest on the Series 2020 Bonds.

### **Reliance on Metering**

SHRECs to be created are measured by mechanical and electronic metering devices that may break down or fail, and not all of such breakdowns or failures are promptly recognized by homeowners, the Green Bank or the Utilities. The occurrence of mechanical or equipment breakdown or other mishaps or events would prevent potential SHRECs from entering the NEPOOL GIS and being accounted for and recognized and billed for under the Master Purchase Agreements. This would potentially reduce the payments due to the Green Bank under the Master Purchase Agreements and would impair the Green Bank's ability to pay the principal and interest on the Series 2020 Bonds.

### **Manufacturer Warranties**

Manufacturer warranties for inverters generally range from 10 to 20 years, and manufacturer warranties for workmanship of solar photovoltaic panels generally are 10 years. Manufacturer linear performance warranties for solar photovoltaic panel production generally are 25 years. Some manufacturer warranties may therefore expire before the final Stated Maturity Date of the Series 2020 Bonds. In addition, during the term of these warranties, the third-party manufacturers could cease operations and no longer honor these warranties, which could negatively affect the performance of the PV system.

### **Impact of Tariffs on Solar Panels and Cells**

Solar panels and solar modules were included among the imports on which the United States imposed substantial tariffs in 2018. As of the date of this Official Statement, the tariff is 20% in 2020 and is scheduled to decline to 15% in 2021. The tariff does not apply to the first 2.5 gigawatts of imported solar cells. The tariff covers both imported solar cells, a key input to manufacturing solar panels, and solar modules, otherwise known as solar panels. A prohibitively high cost of replacement solar panels would make it less likely that homeowners or third party lessors of home solar systems would repair a system that fails because of faulty or nonfunctional solar panels before the final Stated Maturity Date of the Series 2020 Bonds. This reduction in functioning systems would potentially reduce the payments due to the Green Bank under the Master Purchase Agreements and would impair the Green Bank's ability to pay the principal and interest on the Series 2020 Bonds.

### **Impact of Natural Disasters, Weather Events, Man-Made Disasters**

The occurrence of natural disasters, including hurricanes, floods, earthquakes, tornadoes, fires, explosions, pandemic disease and man-made disasters, including acts of terrorism and military actions, could adversely affect the functioning of any one or more of the SHREC Systems, the NEPOOL GIS, the Utilities' ability to make the requisite payments under the Master Purchase Agreements, and the Green Bank's ability to pay the principal and interest on the Series 2020 Bonds.

### **Legal and Regulatory Provisions Affecting Investors Could Adversely Affect the Liquidity of the Series 2020 Bonds**

Neither the Green Bank nor the Underwriters make any representations as to the proper characterization of the Series 2020 Bonds for legal investment, financial institution regulatory, financial reporting or other purposes, as to the ability of particular investors to purchase the Series 2020 Bonds under applicable legal investment or other restrictions or as to the consequences of an investment in the Series 2020 Bonds for such purposes or under such restrictions. Note that regulatory or legislative provisions applicable to certain investors may have the effect of limiting or restricting their ability to hold or acquire asset-backed securities, which in turn may adversely affect the ability of investors in the Series 2020 Bonds who are not subject to those provisions to resell their Series 2020 Bonds in the secondary market. For example:

- Investors should be aware and in some cases are required to be aware of the risk retention and due diligence requirements in Europe arising out of Regulation (EU) 2017/2402 of the European Parliament and of the Council of 12 December 2017 laying down a general framework for securitization and creating a specific framework for simple, transparent and standardized securitization, and amending Directives 2009/65/EC, 2009/138/EC and 2011/61/EU and Regulations (EC) No 1060/2009 and (EU) No 648/2012 (the "EU Risk Retention and Due Diligence Requirements") which currently apply pursuant to the Securitisation Regulations described below, in respect of various types of EU regulated investors including occupational pension funds or managers, credit institutions, alternative investment fund managers that manage or market alternative investment funds in the EU, investment firms, insurance and reinsurance undertakings management companies for undertakings for the collective investment in transferable securities ("UCITS") and internally managed UCITS. Among other things, such requirements restrict an investor who is subject to the EU Risk Retention and Due Diligence Requirements from investing

in securitizations unless: (i) the originator, sponsor or original lender in respect of the relevant securitization has explicitly disclosed that it will retain, on an on-going basis, a net economic interest of not less than five percent in respect of certain specified credit risk tranches or securitized exposures; and (ii) such investor is able to demonstrate that it has undertaken certain due diligence in respect of various matters including, but not limited to, its note position, the underlying assets and the relevant sponsor or originator. Such due diligence may require the evaluation of data on the date of purchase or subsequently that must be provided by or at the direction of the relevant sponsor or originator. Failure to comply with one or more of the requirements may result in various penalties including, in the case of those investors subject to regulatory capital requirements, the imposition of a punitive capital charge on the Series 2020 Bonds acquired by the relevant investor. Sponsors, originators and original lenders that do not comply with the EU Risk Retention and Due Diligence Requirements are subject to administrative, and potentially criminal, sanctions. It is unclear whether any such sanctions would apply to such persons if they are organized outside the EU.

On September 30, 2015, the European Commission (the “Commission”) published a proposed regulation to amend the EU Regulation 575/2013 and a proposed regulation aiming to create a general European framework for securitisation and a specific framework for “simple, transparent and standardised” securitisation, which were intended, among other things, to re-cast the EU risk retention rules as part of wider changes to establish a “Capital Markets Union” in Europe. The final regulations relating to securitisations were published in the Official Journal of the European Union on December 28, 2017 as Regulation (EU) 2017/2402 of the European Parliament and of the Council of 12 December 2017 (the “Securitisation Regulation”) and entered into force on the twentieth day thereafter. They were accompanied by Regulation (EU) 2017/2401 of the European Parliament and of the Council of 12 December 2017, which revised the prudential and capital requirements for credit institutions and investment firms (the “Capital Regulation”, and, together with the Securitisation Regulation, the “Securitisation Regulations”). The Securitisation Regulations commenced applying on January 1, 2019 (subject to certain transitional provisions regarding securitisations the securities of which were issued before January 1, 2019). The Securitisation Regulations are implemented in part by way of the investors should be aware that there are material differences between the prior EU legal framework governing securitisation and that in the Securitisation Regulations (including changes to the EU Risk Retention and Due Diligence Requirements). You are responsible for monitoring and assessing changes to the EU law and regulations.

The Green Bank does not intend to retain a material net economic interest in the securitization constituted by the issue of the Series 2020 Bonds in accordance with the EU Risk Retention and Due Diligence Requirements or to take any other action which may be required by EEA-regulated investors for the purposes of their compliance with the EU Risk Retention and Due Diligence Requirements. Consequently, the Series 2020 Bonds are not a suitable investment for EEA-credit institutions, investment firms or the other types of EEA regulated investors mentioned above and may not be suitable for their consolidated affiliates, including any such affiliates in the United States. As a result, the price, liquidity and marketability or market value of the Series 2020 Bonds in the secondary market may be adversely affected. EEA-regulated investors should consult with their own investment and legal advisors regarding the suitability of the Series 2020 Bonds for investment. None of the Green Bank, the Underwriters, or any of their affiliates makes any representation that it has complied with, or will comply with, the EU Risk Retention and Due Diligence Requirements. Furthermore, no such party is undertaking any obligation to, or making any representation or assurance that any of them will retain any specific net material economic interest in the Green Bank, the Series 2020 Bonds or the SHRECs or provide additional information that may be required to enable you to satisfy the EU Risk Retention and Due Diligence Requirements, and none of such parties makes any representations or assurance to retain any such level of risk after the Closing Date.

- The Dodd–Frank Wall Street Reform and Consumer Protection Act (the “Dodd–Frank Act”) enacted in the United States requires that federal banking agencies amend their regulations to remove reference to or reliance on credit agency ratings, including, but not limited to, those found in the federal banking agencies’ risk-based capital regulations. These regulations implement the

increased capital requirements established under the Basel Accord and eliminate reliance on credit ratings and otherwise alter, and in most cases increase, the capital requirements imposed on depository institutions and their holding companies, including with respect to ownership of asset-backed securities such as the Series 2020 Bonds. As a result of these regulations, investments in the Series 2020 Bonds by institutions subject to the risk-based capital regulations may result in greater capital charges to these financial institutions and these new regulations may otherwise adversely affect the treatment of commercial mortgage-backed securities for their regulatory capital purposes.

- On October 21, 2014, the Federal Deposit Insurance Corporation (the “FDIC”), the Federal Housing Finance Agency (“FHFA”) and the OCC adopted the final Credit Risk Retention Rules implementing the credit risk retention requirements of Section 941 of the Dodd-Frank Act for asset-backed securities. The following day, the Federal Reserve, the SEC and the Department of Housing and Urban Development (together with the FDIC, FHFA, and OCC, the “Joint Regulators”) adopted the Credit Risk Retention Rules. As required by the Dodd-Frank Act, the Credit Risk Retention Rules generally require “securitizers” to retain not less than 5% of the credit risk of the loans securitized and generally prohibit securitizers from directly or indirectly eliminating or reducing its credit exposure by hedging or otherwise transferring the credit risk that the securitizer is required to retain. The Green Bank will be relying on an exemption under the Credit Risk Retention Rules.
- The Green Bank will be relying on an exclusion or exemption under the Investment Company Act contained in Section 2(b) of the Investment Company Act, although there may be additional exclusions or exemptions available to the Green Bank. The Green Bank is being structured so as not to constitute a “covered fund” for purposes of Section 619 of the Dodd-Frank Act (such statutory provision together with such implementing regulations, the “Volcker Rule”). The Volcker Rule generally prohibits “banking entities” (which is broadly defined to include U.S. banks and bank holding companies and many non-U.S. banking entities, together with their respective subsidiaries and other affiliates) from (i) engaging in proprietary trading, (ii) acquiring or retaining an ownership interest in or sponsoring a “covered fund” and (iii) entering into certain relationships with such funds. Under the Volcker Rule, unless otherwise jointly determined otherwise by specified federal regulators, a “covered fund” does not include an issuer that may rely on an exclusion or exemption from the definition of “investment company” under the Investment Company Act other than the exclusions contained in Section 3(c)(1) and Section 3(c)(7) of the Investment Company Act. The general effects of the Volcker Rule remain uncertain. Any prospective investor in the Series 2020 Bonds, including a U.S. or foreign bank or a subsidiary or other affiliate of such entity, should consult its own legal advisors regarding such matters and other effects of the Volcker Rule.

If the Securities and Exchange Commission (the “SEC”) or a court of competent jurisdiction were to find that the Green Bank was required, but in violation of the Investment Company Act had failed, to register as an investment company, possible consequences include, but are not limited to, the following: (i) the SEC could apply to a district court to enjoin the violation; (ii) investors in the Series 2020 Bonds could sue the Green Bank and recover any damages caused by the violation; and (iii) any contract to which the Green Bank is a party that is made in violation of the Investment Company Act or whose performance involves such violation would be unenforceable by any party to the contract unless a court were to find that under the circumstances enforcement would produce a more equitable result than non-enforcement and would not be inconsistent with the purposes of the Investment Company Act.

Accordingly, all investors whose investment activities are subject to legal investment laws and regulations, regulatory capital requirements, or review by regulatory authorities should consult with their own legal, accounting and other advisors in determining whether, and to what extent, the Series 2020 Bonds will constitute legal investments for them or are subject to investment or other restrictions, unfavorable accounting treatment, capital charges or reserve requirements.

**The Expected Source of the Repayment is the Potential Stream of Payments Made Under the Master Purchase Agreements**

The periodic payments of principal and interest due on the Series 2020 Bonds rely primarily on the payments made under the Master Purchase Agreements by the Utilities to the Green Bank in respect of SHRECs transferred to the Utilities from the Green Bank via the NEPOOL GIS. Under the Master Purchase Agreements, the Utilities are required to deliver payment for the SHRECs with respect to any SHREC Tranches exclusively to the Green Bank, and promise that the Utilities shall not sell, divert, grant, transfer or assign any such payment for SHRECs to any person other than the Green Bank during and following the relevant SHREC Tranche Delivery Term. The transfer of SHRECs occurs via the NEPOOL GIS from the Green Bank's NEPOOL GIS account to the Utilities' NEPOOL GIS accounts. The Green Bank invoices the Utilities for the value of the SHRECs transferred via the NEPOOL GIS. The payment of the amounts due on the Series 2020 Bonds is therefore reliant upon the Utilities' ability to pay the amounts due under the Master Purchase Agreements for the SHRECs transferred to the Utilities via NEPOOL GIS.

If an event of default occurs under the Master Purchase Agreements, the Utilities have the right to withhold payments thereunder up to the amount of its damages, terminate the Master Purchase Agreements, or suspend performance with respect to the transfer of SHRECs thereunder until such event of default is cured. Events of default under the Master Purchase Agreements include uncured breaches of representations and warranties, representations and warranties proving false, or the bankruptcy of any party thereto. See the caption "THE TRUST ESTATE—The Master Purchase Agreements—*Events of Default and Remedies Under the Master Purchase Agreements*" herein. Upon an event of default under the Master Purchase Agreements one or both of the Utilities could suspend performance or terminate the related Master Purchase Agreement, in which case funds would not be made available to the Green Bank for deposit into the Revenue Fund. Such an event would adversely affect the yield of the Series 2020 Bonds.

The Green Bank is statutorily required to sell SHRECs to the Utilities at the Tranche Purchase Prices determined pursuant to the Master Purchase Agreements, as described in this Official Statement under the caption "THE TRUST ESTATE—The Master Purchase Agreements—*SHREC Tranche Purchase Price*" herein. Therefore, even if the Green Bank could obtain a better price from a third-party purchaser, the Green Bank is required to sell SHRECs to the Utilities at the applicable SHREC Tranche Purchase Price. This will limit the amount of payments available to make payments on the Series 2020 Bonds.

**The Utilities are Vulnerable to any Changes in Demand for Electricity and Gas that May Occur, and to Increases in the Levels of Doubtful Receivables, as a Result of Poor Economic Conditions**

The Utilities may be subject to working capital risks due to delays or defaults in payment by their customers, which may restrict their ability make payments when due. Any defaults or delays by the Utilities' customers in meeting their payment obligations to the Utilities may have a material adverse effect on the Utilities' financial condition and results of operations and ability to meet their payment obligations.

The Utilities are public utilities providing electricity generation, gas supply and electricity and gas transmission services primarily to New England customers. As a result, the Utilities' results of operations are substantially affected by regional economic conditions, which in turn can be affected by developments including, but not limited to:

- macroeconomic events, including external economic shocks;
- a decline in Connecticut's and the New England region's gross domestic product;
- the imposition of new or additional tariffs or sanctions involving trading partners;
- a decrease in investment in the New England region;

- increasing levels of unemployment;
- governmental budget deficits or other fiscal difficulties; and
- adverse demographic changes.

No assurance can be given that the Utilities' business, financial condition, cash flows, results of operations or prospects will not be affected by such events, now or in the future.

**The Utilities' Power Generation Capacity, Revenues, Costs and Results of Operations are Significantly Influenced by Weather Conditions and Seasonal Variations that are Not Within their Control**

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Electricity consumption is seasonal and is mainly affected by weather conditions. In Connecticut, electricity consumption is generally higher during the autumn and winter months, and the Utilities generally experience higher demand during the colder months of October through March and lower demand during the warmer months of April through September. As a result of these seasonal patterns, the Utilities' sales and results of operations are higher in the first and fourth quarters and lower in the second and third quarters. Sales and results of operations for all of the Utilities' energy operations can be negatively affected by periods of unseasonably warm weather during the autumn and winter months.

**Impact of Strikes, Labor Disputes and Industrial Disputes**

Each Master Purchase Agreement contains a Force Majeure clause that excuses a party's performance in the event of a strike or industrial dispute. The occurrence of any such event would therefore potentially excuse the Utilities from performance under the Master Purchase Agreements during the pendency of any such strike or industrial dispute, taking away the Green Bank's primary source of repayment of the Series 2020 Bonds. The occurrence of any such event, whether or not it actually excuses the Utilities' performance under the applicable Master Purchase Agreement, may also have a material adverse effect on the Utilities' financial condition and results of operations and ability to meet their payment obligations.

**Changes in Technology May Render Current Technologies Obsolete or Require the Utilities to Make Substantial Capital Investments**

Continuing modernization and technology upgrade is essential to reduce costs and increase the output of the Utilities. Their technology and machinery may become obsolete or may not be upgraded timely, hampering the Utilities' operations and negatively affecting their financial condition. The costs involved in upgrading the Utilities' technology and modernizing plants and machinery are significant, which could substantially affect Utilities' finances and operations.

**Changing Laws, Rules and Regulations and Legal Uncertainties May Adversely Affect the Utilities' Business and Financial Performance**

The Utilities' business and financial performance could be adversely affected by changes in law or regulatory environment, or interpretations of existing laws, rules and regulations, or the promulgation of new laws, rules and regulations, federally or in Connecticut, applicable to Utilities operating in Connecticut and their business. Any significant changes in relevant laws or regulatory environment might materially affect the Utilities' finances and operations.



**Political, Economic or Other Factors that are Beyond the Green Bank’s Control May Have an Adverse Effect on the Utilities’ Business, Results of Operation and Cash Flows**

The Utilities are dependent on domestic, regional and market conditions. Their performance, growth, and market demand for energy may be adversely affected by an economic downturn in the local, regional or global economies. The Utilities’ growth is affected by various factors, including Connecticut and New England energy consumption. Consequently, any future slowdown in Connecticut’s or the New England region’s economy could harm the Utilities’ business, results of operations, cash flows and financial condition.

**Impact of Bankruptcy of Utilities**

There can be no assurance that one or both of the Utilities will not become insolvent and/or file a voluntary petition, or that an involuntary petition will not be filed against, either or both of the Utilities under the United States Bankruptcy Code, 11 U.S.C. Section 101, *et seq.*, as amended (the “Bankruptcy Code”), or any similar applicable state law (collectively, with the Bankruptcy Code, the “Insolvency Laws”). Both debt risk and revenue risk can be contributing factors in a Utility bankruptcy. Utilities tend to have high credit ratings at all times, even when leading up to a bankruptcy, making the risk of a utility bankruptcy appear lower than the actual risk levels. These high credit ratings imply a low risk of default, but for utilities this can be a misleading representation of credit worthiness. Further, despite the fact that utilities provide an important and irreplaceable product, they still face the effects of economic downturns as economic activity is highly cyclical.

Neither of the Utilities is a special purpose bankruptcy remote entity. Both Connecticut Light and Power Company d/b/a Eversource Energy and United Illuminating Company (the “Utilities”) are engaged in other business activities, in addition to being obligated under the Master Purchase Agreements to make payments to the Green Bank through the purchase of the SHRECs through the NEPOOL GIS. As a consequence, either or both of the Utilities may be the subject of a voluntary or involuntary petition for relief by or against either or both Utilities under the Bankruptcy Code or other applicable insolvency laws.

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In a case under Chapter 11 of the Bankruptcy Code, assuming that the Master Purchase Agreements are considered to be executory contracts, a Utility’s bankruptcy trustee, or the Utility as a debtor-in-possession (as to either, the “bankruptcy trustee”) will have the opportunity to assume or reject the Master Purchase Agreement, and the decision may not be made until the time of a confirmation hearing on a final plan of reorganization. If the Master Purchase Agreement is not assumed or rejected at any time before confirmation of a plan of reorganization, the Green Bank will be obligated to continue performing under the applicable Master Purchase Agreement, without receiving return performance from the bankruptcy trustee, unless on request of the Green Bank and after notice and a hearing, the bankruptcy court orders the bankruptcy trustee to assume or reject the Master Purchase Agreement, or in the interim period before assumption or rejection, the bankruptcy court grants an order allowing such return performance, in whole or in part, as an administrative expense, or directs the payment of monies due under the Master Purchase Agreement (the return performance), or both.

The suspension of payments of amounts due to the Green Bank under the Master Purchase Agreement during the period after commencement of the Chapter 11 case, or the failure of the trustee in bankruptcy to resume making payments due to the Green Bank under the Master Purchase Agreement thereafter, could result in delays or reductions in payments to the Bondholders, which may result in a loss on a Bondholder’s investment in the Series 2020 Bonds.

If one or both of the Utilities were to become a debtor under the Bankruptcy Code, there can be no assurance that the Utilities will be able to successfully reorganize their businesses, and it is possible that the Utilities may be forced to sell their assets, otherwise liquidate or seek modifications to their obligations, including the obligation to purchase SHRECs pursuant to the applicable Master Purchase Agreement.

**Risks Associated with the Green Bank**

The Green Bank performs certain function with respect to the SHRECs, including the purchase and sale of SHRECs in accordance with the Master Purchase Agreements and critical functions regarding protection of the Trust

Estate and the security interest in the Trust Estate. You must rely on the Green Bank to perform all of the necessary management functions for minting the SHRECs and selling the SHRECs to the Utilities under the Master Purchase Agreements and maintaining the payment streams and the Trust Estate for the Series 2020 Bonds.

The Green Bank is a public instrumentality and political subdivision of the State of Connecticut established and created for the performance of an essential public and governmental function. The Green Bank is reliant on public sources of funding to maintain its sophisticated operations. The Green Bank employees participate in the employee benefits programs and retirement programs offered by the State of Connecticut. Although payments of the amounts due under the Series 2020 Bonds do not rely on any of the State of Connecticut (other than the Special Capital Reserve Fund) or the Green Bank (as the Series 2020 Bonds are without recourse to the Green Bank), the obligations of the Green Bank rely on the continued performance of its workforce. As the State of Connecticut is faced with economic and budgeting pressures, the Green Bank's sources of funding may be reduced. These funding sources may be affected by a variety of political and economic factors outside of the Green Bank's control. Reduced funding could negatively affect the Green Bank's ongoing operations and ability to maintain the staff it needs to support the management function.

As the Green Bank was established and created by the State of Connecticut pursuant to Green Bank Statute, the State of Connecticut would have the sole power and authority to discontinue the Green Bank's existence. However, under the terms of subsection (h) of the Green Bank Statute, the State of Connecticut pledges and agrees

“with any person with whom Connecticut Green Bank may enter into contracts pursuant to the provisions of this section that the state will not limit or alter the rights hereby vested in said bank until such contracts and the obligations thereunder are fully met and performed on the part of said bank, provided nothing herein contained shall preclude such limitation or alteration if adequate provision shall be made by law for the protection of such persons entering into contracts with said bank.”

**A Perfected Security Interest in the Trust Estate  
Must Be Maintained in Favor of the Trustee**

Pursuant to the Indenture, the Green Bank will grant to the Trustee for the benefit of the Trustee and the Bondholders a security interest in the Trust Estate. The Indenture requires the Green Bank to take various actions to perfect, maintain and preserve the lien (and the priority of such lien) of the Trustee in the Trust Estate, including, but not limited to, filing or causing to be filed Uniform Commercial Code (the “UCC”) financing statements that are appropriate, to the extent that the UCC applies, to perfect the security interests of the Trustee in the Trust Estate under the Indenture. We cannot assure you that the UCC applies to such security interests or ownership interests, and thus we cannot assure you that the filing of such financing statements will perfect such security interests or ownership interests under applicable law.

The liens granted under the Indenture may not be perfected, or may become subordinated to the liens of other creditors, if the Green Bank fails to take such actions. The Trustee has no independent duty to nor will it monitor the acquisition of the initial property or additional property or rights that constitute the Trust Estate or the perfection (or maintenance of perfection or priority) of any such security interests, which may expose Bondholders to a failure of priority or perfection with respect to competing creditors and resulting losses on the Series 2020 Bonds.

**Risks Related to Green Bank's financing of SHRECs  
not within SHREC Tranche 3**

SHREC Tranche 1, SHREC Tranche 2 and the revenues derived therefrom are pledged to the repayment of the Series 2019-1 Bonds. In addition, additional SHRECs not included within SHREC Tranche 1, SHREC Tranche 2 or SHREC Tranche 3 have been, and will be, financed through, and will secure, secured credit facilities or future securitizations. The Series 2019-1 Notes and any such secured credit facilities or securitizations may be secured by, among other things, (i) SHREC receivables generated by SHRECs other than the SHRECs within SHREC Tranche 3 pursuant to the Master Purchase Agreements, (ii) the Green Bank's rights under the Master Purchase Agreements with respect to SHRECs other than the SHRECs within SHREC Tranche 3, and (iii) all proceeds of the foregoing. Although all rights of Green Bank under the Master Purchase Agreements relating to the SHRECs within SHREC Tranche 3

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are being pledged by the Green Bank to the Trustee, a secured lender with respect to a different SHREC Tranche may try to assert certain claims in respect of such rights, in which case payments on the Series 2020 Bonds could be delayed.

**The Potential Effects of Litigation on the Transaction Parties**

If the Green Bank is subject to litigation, arbitration, or other disputes, this may adversely affect its ability to perform its obligations under the transaction documents, even if such litigation is not related to the Trust Estate or the SHRECs. This could result in a delay or reduction of payments on the Series 2020 Bonds. We cannot assure you as to the effect any such litigation may have on payments in respect of the Trust Estate or the Series 2020 Bonds. Any adverse determination in such matters may adversely affect the Green Bank's financial condition and, in turn, the Green Bank's ability to remove any Ineligible SHRECs or to manage the SHRECs.

Finally, in the event that any employees of the transaction parties are, or become subject to, litigation, arbitration or other disputes, this could distract such employees and may adversely affect their ability to perform their professional obligations.

**Exemption from Connecticut Personal Property Taxes May Not Be Available to Third Party System Owners**

Section 12-81(57)(A) of the Connecticut General Statutes provides that the SHREC Systems constitute personal property that shall be exempt from Connecticut's personal property tax. Certain municipalities in Connecticut have denied the exemption from personal property tax for SHREC Systems that are owned by third parties ("TPOs") and leased to the homeowners. The TPOs and the Green Bank have appealed this denial to the Superior Court in Connecticut and are currently seeking a legislative clarification of the applicability of the property tax exemption to both TPOs and homeowners that own SHREC Systems. If the exemption is not upheld for both TPOs and homeowners, the economics of the underlying leases and the power purchase agreements between the homeowners and the TPOs would be negatively impacted. In addition, as one of the TPOs is an indirect subsidiary of the Green Bank, an adverse determination in any of the pending cases may adversely affect the Green Bank's financial condition and, in turn, the Green Bank's ability to pay for and release any Ineligible SHRECs or the Green Bank's ability to manage the SHRECs or both.

**Timing and Amount of Principal Payments on the Series 2020 Bonds Will Depend in Part on the Performance of the Green Bank**

The Trust Estate will be managed by the Green Bank. No person will provide a guarantee of the obligations of the Green Bank, including, without limitation, the State of Connecticut. The amount and timing of periodic distributions on the Series 2020 Bonds will depend in part on the relative skill and diligence exercised by the Green Bank in performing its obligations with respect to the Trust Estate. Various factors may affect the ability of the Green Bank to fulfill its contractual obligations and the resources that the Green Bank may be able or willing to devote to managing the Trust Estate. These factors may include, for example, the financial condition of the Green Bank at any time, litigation or governmental proceedings involving the Green Bank, the size and rate of growth of the Green Bank's portfolio, and the amount of time required to be devoted by management personnel to other activities.

**Bankruptcy of the Green Bank May Adversely Affect Payments on the Series 2020 Bonds**

The Green Bank does not have any current intent to file a voluntary petition under bankruptcy laws. There can be no assurance, however, that the Green Bank will not become insolvent and/or file a voluntary petition under bankruptcy laws in the future.

The Green Bank may also be able to seek relief under Chapter 9 of the Bankruptcy Code. 11 U.S. Code Section 109(c) provides that an entity may be a debtor under Chapter 9 if it is a "municipality" and satisfies other

criteria. 11 U.S. Code Section 101(40) defines a “municipality as a “political subdivision or public agency or instrumentality of a state.” As the Green Bank is, pursuant to subsection (d)(1)(A) of the Green Bank Statute, “established and created as a body politic and corporate, constituting a public instrumentality and political subdivision of the state of Connecticut”, it might be eligible as a municipality.

However, among the additional requirements for filing under 11 U.S. Code § 109(c) is that the municipality must be specifically authorized, in its capacity as a municipality or by name, to be a debtor under Chapter 9 by state law, or by a governmental officer or organization empowered by state law to authorize such entity to be a debtor under Chapter 9. Connecticut allows Chapter 9 filings by municipalities, but only with express written consent of the Governor. See Section 7-566 of the Connecticut General Statutes. Chapter 9 also requires that the debtor be “insolvent,” meaning for these purposes that the municipality is unable to satisfy its obligations as they come due or will be unable to satisfy its obligations as they come due. The municipality must “desire . . . to effect a plan to adjust [its] debts.” 11 U.S.C. § 109(c)(4). Finally, the municipality must attempt to negotiate a debt readjustment plan with its creditors. In a Chapter 9 proceeding, the debtor must develop and gain judicial confirmation of a plan to restructure its obligations.

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A bankruptcy filing by the Green Bank under Chapter 9 would have the same adverse effects on the Series 2020 Bonds as described above, and it would also constitute an event of default under the Master Purchase Agreement. The occurrence of any of these events could result in delays or reductions in payments of the Series 2020 Bonds.

**The Series 2020 Bonds May Not Be Accelerated**

The Series 2020 Bonds may not be accelerated following an Event of Default under the Indenture. The Bondholders sole remedy upon an Event of Default is to enforce the Green Bank’s performance under the Indenture. See the caption “Defaults; Remedies on Default—*Remedies Upon Default*” in “APPENDIX I-A—CERTAIN DEFINITIONS AND SUMMARY OF THE INDENTURE” hereto.

**Bankruptcy of the Trustee May Adversely Affect Payments on the Series 2020 Bonds**

If any bankruptcy case with respect to the Trustee were to occur, such a case could result in delays in payments due on the Series 2020 Bonds and, if a court were to accept any of the positions of a bankruptcy trustee or creditor of such party, it could result in a reduction of funds available for payment on the Series 2020 Bonds, in addition to delays in payment.

**Social and Economic Risks**

The ability of the Utilities’ customers who are generating SHRECs to keep systems operational may be affected by a variety of social and economic factors. Economic factors include interest rates, unemployment levels, upward adjustments in monthly mortgage payments, utility rate structures and the rate of inflation and consumer perceptions of economic conditions generally. Economic conditions may also be affected by localized natural disasters. The Green Bank is unable to determine and has no basis to predict to what extent social or economic factors will affect the Trust Estate and the Green Bank’s ability to make payments on the Series 2020 Bonds.

**Political and State Risks**

The Green Bank is reliant on public sources of funding to maintain operations. These funding sources may be affected by a variety of political and economic factors. The Green Bank is unable to determine and has no basis to predict to what extent political or economic factors will affect the Green Bank’s ongoing operations.

**Connecticut Green Bank's Residential Solar Investment Program is Scheduled to Expire for New Installation before the Close of 2020**

The Green Bank currently acquires Solar Home Renewable Energy Credits (SHRECs) under the Residential Solar Investment Program (RSIP), before selling the SHRECs to the Utilities. The RSIP and SHREC program is set forth in Section 16-245ff of the Connecticut General Statutes. Under the program, the Green Bank acquires the SHRECs. The Green Bank then bundles all SHRECs into annual SHREC Tranches and sells them to the Utilities at a price that is established and fixed for the 15-year period for the respective SHREC Tranche. However, under Section 16-245ff of the Connecticut General Statutes, the RSIP was established to "support the deployment of not more than three hundred fifty megawatts of new residential solar photovoltaic installations located in this state on or before (1) December 31, 2022, or (2) the deployment of three hundred megawatts of residential solar photovoltaic installation, in the aggregate, whichever occurs sooner." The Green Bank is currently predicting that 350MW will be deployed under the RSIP by mid-August 2020. Once the threshold is reached, the Green Bank will no longer be funding residential solar installations under Section 16-245ff of the Connecticut General Statutes and will no longer be acquiring SHRECs under the RSIP. However, if this occurs, the Green Bank will continue to obtain the SHRECs comprising the Trust Estate, as those SHRECs are generated from residential solar installations that pre-date any expiration of the RSIP.

PURA has considered proposals to reduce the RSIP incentive payment amount, so that only more complex systems will have a sufficient financial incentive to deploy the dwindling supply of MWs remaining under the current RSIP. Any such discussions and proposals are currently nonbinding, and if nothing changes, after 350 MW of residential solar installations have been deployed under the RSIP, the Green Bank will no longer be funding residential solar installations under Section 16-245ff of the Connecticut General Statutes and will no longer be acquiring SHRECs.

**Nationally Recognized Statistical Rating Organizations May Assign Different Ratings to the Series 2020 Bonds; Ratings of the Series 2020 Bonds Reflect Only the Views of the Rating Agency as of the Dates Such Ratings Were Issued; Ratings May Affect ERISA Eligibility; Ratings May Be Downgraded**

Ratings assigned to the Series 2020 Bonds by the Nationally Recognized Statistical Rating Organization ("NRSRO") engaged by the Green Bank:

- are based on, among other things, the rating of the State of Connecticut;
- do not represent any assessment of the yield to maturity that a Bondholder may experience;
- reflect only the views of the Rating Agency as of the date such ratings were issued;
- may be reviewed, revised, suspended, downgraded, qualified or withdrawn entirely by the applicable rating agency as a result of changes in or unavailability of information; and
- do not consider to what extent the Series 2020 Bonds will be subject to prepayment or that the outstanding principal amount of the Series 2020 Bonds will be prepaid.

In addition, the rating of the Series 2020 Bonds below an investment grade rating by any NRSRO, whether upon initial issuance of the Series 2020 Bonds or as a result of a ratings downgrade, could adversely affect the ability of an employee benefit plan or other investor to purchase or retain those Series 2020 Bonds.

NRSROs that were not engaged by the Green Bank to rate the Series 2020 Bonds may nevertheless issue unsolicited credit ratings on one or more classes of Series 2020 Bonds. If any such unsolicited ratings are issued, we cannot assure you that they will not be different from any ratings assigned by a rating agency engaged by the Green

Bank. The issuance of unsolicited ratings by any NRSRO on the Series 2020 Bonds that are lower than ratings assigned by the Rating Agency engaged by the Green Bank may adversely impact the liquidity, market value and regulatory characteristics of the Series 2020 Bonds.

Furthermore, the SEC may determine that the Rating Agency no longer qualifies as a NRSRO, or is no longer qualified to rate the Series 2020 Bonds, and that determination may also have an adverse effect on the liquidity, market value and regulatory characteristics of the Series 2020 Bonds.

We are not obligated to maintain any particular rating with respect to the Series 2020 Bonds, and the ratings initially assigned to the Series 2020 Bonds by the Rating Agency could change adversely as a result of changes affecting, among other things, the State of Connecticut, the SHRECs, the Utilities, the Green Bank, the Trustee or another person or as a result of changes to ratings criteria employed by the Rating Agency. Although these changes would not necessarily be or result from an event of default on any Transaction Document, any adverse change to the ratings of the Series 2020 Bonds would likely have an adverse effect on the market value, liquidity and/or regulatory characteristics of the Series 2020 Bonds.

#### **Green Bond Status**

Although Kestrel has certified that the Series 2020 Bonds are “Green Bonds”, this designation requires ongoing annual recertifications for as long as the Series 2020 Bonds are outstanding. The purpose of designating the Series 2020 Bonds as Green Bonds is to allow investors to invest directly in obligations that finance environmentally beneficial projects. **[Although the Green Bank has agreed to include information in the [annual report] regarding the SHREC Systems funded through the RSIP, if the Green Bank were to fail to provide the required continuing information at least annually, then the certification would likely be withdrawn. [Other than an impact statement prepared by the Kestrel,] no additional third-party approval, certification, verification or monitoring has been sought or is expected in connection with either the designation of the Series 2020 Bonds as Green Bonds or the foregoing information to be provided in the [annual report]].**

The purpose of the Series 2020 Bonds is to **[fund the Green Bank’s cost recovery under the RSIP]**. Under the RSIP, the Green Bank acquires SHRECs before selling the SHRECs to the Utilities. The RSIP and SHREC program is set forth in Section 16-245ff of the Connecticut General Statutes. The RSIP was established to “support the deployment of not more than three hundred megawatts of new residential solar photovoltaic installations located in” Connecticut. Whether or not the Green Bank maintains the Series 2020 Bonds as “Green Bonds”, the Green Bank is of the view that the statutory purpose of the Green Bank and the Series 2020 Bonds would nonetheless serve the purpose of encouraging new residential solar photovoltaic installations. However, the Green Bank’s failure to maintain the Series 2020 Bonds’ status as “Green Bonds” would prevent investors who are limited to investing in securities that have the designation “Green Bonds” from investing in them.

#### **Combination or “Layering” of Multiple Risks May Significantly Increase Risk of Loss**

Although the various risks discussed in this Official Statement are generally described separately, prospective Bondholders should consider the potential effects on the Series 2020 Bonds of the interplay of multiple risk factors. Where more than one significant risk factor is present, the risk of loss to Bondholders may be significantly increased. There are many circumstances in which layering of multiple risks with respect to the Trust Estate and the Series 2020 Bonds may magnify the effect of those risks. In considering the potential effects of layered risks, prospective investors should carefully review the descriptions of the Trust Estate and the Series 2020 Bonds.

#### **Limited Liquidity**

There is no secondary market for the Series 2020 Bonds, and the Underwriters will not be obligated to establish a secondary market in the Series 2020 Bonds or, if it commences market making activities, to continue any such market making activities. It is not expected that a meaningful secondary market for the Series 2020 Bonds will develop. Bondholders should be prepared to bear the risk of holding the Series 2020 Bonds for as long they are outstanding. As a result of a lack of a secondary market for the Series 2020 Bonds, should Bondholders decide to sell the Series 2020 Bonds, they may be unable to obtain the price they wish to receive and may suffer a loss.

**The Series 2020 Bonds are Expected to be Issued  
Only in Book-Entry Form**

The Green Bank expects that the Series 2020 Bonds will be initially represented by certificates registered in the name of Cede & Co., the nominee for DTC, and will not be registered in the name of any holder or the name of its nominee. Unless and until definitive securities are issued, holders of the Series 2020 Bonds will not be recognized by the Trustee as Bondholders as that term is used in the Indenture and holders of the Series 2020 Bonds will only be able to exercise the rights of Bondholders indirectly through DTC and its participating organizations. See the caption “THE SERIES 2020 BONDS—Securities Depository” herein.

**The Rating of the Series 2020 Bonds is Not a  
Recommendation to Purchase and may Change**

It is a condition to the issuance of the Series 2020 Bonds that they be rated as described under the caption “SUMMARY OF TERMS—Rating” herein. The rating is based on the creditworthiness of the State of Connecticut, the amount of the Special Capital Reserve Fund Requirement and the legal structure of the transaction. The rating is not a recommendation to purchase, hold or sell the Series 2020 Bonds inasmuch as the rating does not comment as to the market price or suitability for any investor. The ratings may be increased, lowered or withdrawn by the rating agency if in the rating agency’s judgment circumstances so warrant. A downgrade in the rating of the Series 2020 Bonds is likely to decrease the price a subsequent purchaser will be willing to pay for the Series 2020 Bonds. The rating of the Series 2020 Bonds will not address the market liquidity of the Series 2020 Bonds.

**STATE PLEDGE AND AGREEMENT**

The State of Connecticut pledges to and agrees with any person with whom the Green Bank may enter into contracts pursuant to the provisions of the Green Bank Statute that the State will not limit or alter the rights hereby vested in the Green Bank until such contracts and the obligations thereunder are fully met and performed on the part of the Green Bank, provided nothing shall preclude such limitation or alteration if adequate provision shall be made by law for the protection of such persons entering into contracts with the Green Bank.

**LEGALITY FOR INVESTMENT AND DEPOSIT**

Bonds, including the Series 2020 Bonds, are securities in which all public officers and public bodies of the State and its political subdivisions, all insurance companies, state banks and trust companies, national banking associations, savings and loan associations, investment companies, executors, administrators, trustees and other fiduciaries may properly and legally invest funds, including capital in their control or belonging to them. Such bonds of the Green Bank are also securities which may properly and legally be deposited with and received by any agency or political subdivision of the State for any purpose for which the deposit of bonds or obligations of the State may be authorized by law.

**TAX MATTERS**

In the opinion of Bond Counsel, under existing statutes and regulations, interest on the Series 2020 Bonds is included in gross income for federal income tax purposes pursuant to the Internal Revenue Code of 1986, as amended, as described in “APPENDIX I-B—FORM OF LEGAL OPINION OF BOND COUNSEL AND TAX STATUS” herein. In the opinion of Bond Counsel, under existing statutes, interest on the Series 2020 Bonds is excluded from State of Connecticut taxable income for purposes of the State of Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net State of Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax.

**UNDERWRITING**

The Underwriters have agreed, subject to certain conditions, to purchase the Series 2020 Bonds from the Green Bank at an aggregate purchase price of \$\_\_\_\_\_. The Underwriters will be paid an underwriting fee equal to \$\_\_\_\_\_. The Underwriters have agreed to purchase all Series 2020 Bonds if any are purchased.

The Underwriters may offer and sell Series 2020 Bonds to certain dealers (including dealers depositing Series 2020 Bonds into investment trusts) and others at prices lower than the offering prices stated on the cover page of this Official Statement. After the initial public offering, the Underwriters may change the price at which the Underwriters offer the Series 2020 Bonds for sale from time to time.

In connection with the offering, the Underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of the Series 2020 Bonds. Specifically, the Underwriters may over allot the offering, creating a syndicate short position. The Underwriters may bid for and purchase Series 2020 Bonds in the open market to cover such syndicate short position or to stabilize the price of Series 2020 Bonds. Those activities may stabilize or maintain the market price of such Series 2020 Bonds above independent market levels. The Underwriters are not required to engage in these activities and may end any of these activities at any time.

The bond purchase agreement provides that the Green Bank has agreed to reimburse the Underwriters for the fees and expenses of their counsel.

### LITIGATION

There is not now pending any litigation: (i) restraining or enjoining the issuance or delivery of the Series 2020 Bonds or questioning or affecting the validity of the Series 2020 Bonds or the proceedings and authority under which they are issued; (ii) contesting the creation, organization or existence of the Green Bank, or the title of the directors or officers of the Green Bank to their respective offices; or (iii) questioning the right of the Green Bank to enter into the Indenture and to pledge the Revenues and the Pledged Funds and other moneys and securities purported to be pledged by the Indenture in the manner and to the extent provided in the Indenture.

### RATING

The Series 2020 Bonds are expected to be rated “A” by S&P Global Ratings (“S&P”). Such rating reflects only the view of such rating agency from which an explanation of the significance of such rating may be obtained. There is no assurance that such rating will continue for any given period of time or that any such rating will not be revised downward or withdrawn entirely if, in the judgment of S&P, circumstances so warrant. A revision or withdrawal of such rating may have an effect on the market price of the Series 2020 Bonds.

### CONTINUING DISCLOSURE

Section 3-20e of the Connecticut General Statutes gives the State and political subdivisions of the State such as the Green Bank the specific authority to enter into continuing disclosure agreements in accordance with the requirements of Securities and Exchange Commission Rule 15c2-12 (the “Rule”). The Green Bank and the State will each enter into a Continuing Disclosure Agreement with respect to the Series 2020 Bonds, substantially in the forms attached as Appendix I-C and I-D, respectively, to this Official Statement (the “Continuing Disclosure Agreements”), to provide or cause to be provided, in accordance with the requirements of the Rule, (i) annual financial information and operating data, (ii) timely notice of a failure by the Green Bank or the State, respectively, to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement for the Series 2020 Bonds, and (iii) with respect to the Green Bank, timely notice of the occurrence of certain material events with respect to the Series 2020 Bonds. To its knowledge, the Green Bank has not during the last five (5) years failed to comply in any material respect with its undertakings pursuant to a continuing disclosure agreement.

To its knowledge, in the last five years the State has not failed to comply in any material respect with its undertakings pursuant to a continuing disclosure agreement executed by the State. The State has determined it did not file an event notice for (i) a rating upgrade of its Bradley International Airport Special Obligation Parking Revenue Bonds, Series 2000A in May 2016, (ii) a rating downgrade of its Certificates of Participation (Connecticut Juvenile Training School Energy Center Project) in April 2018 and (iii) a rating upgrade of the short-term rating on the State’s General Obligation Bonds (2016C) (Variable Rate Demand Bonds) in June 2018. The State promptly filed such notices after discovering each omission. In making this disclosure, the State has not concluded and does not admit that these omissions are a material failure to comply with its continuing disclosure obligations. The State has modified its disclosure practices to prevent such failures in the future. Certain prior annual reports of the State and other required reports are available from the Electronic Municipal Market Access website (“EMMA”) of the Municipal Securities Rulemaking Board (the “MSRB”), or such other website as may be designated from time to time by the MSRB or the Securities and Exchange Commission. Filings through EMMA are linked to particular obligations by a 9-digit CUSIP number, based on base (6-digit) CUSIP numbers, which are subject to being changed after the issuance of obligations as a result of various actions. The State has entered into continuing disclosure agreements requiring filings to be made with respect to thousands of CUSIP numbers. Most filings by the State through EMMA, such as annual reports, are made using the base 6-digit CUSIP numbers. Although the State endeavors through this process to link each report filed through EMMA to the correct CUSIP number (including those assigned without its knowledge), there can be no guarantee of complete accuracy in this process, given the large number of 9-digit CUSIP





**APPENDIX I-A**

**CERTAIN DEFINITIONS AND SUMMARY OF THE INDENTURE**

**APPENDIX I-B**

**FORM OF LEGAL OPINION OF BOND COUNSEL AND TAX STATUS**

**Upon delivery of the Series 2020 Bonds in definitive form, Shipman & Goodwin LLP proposes to deliver its approving opinion in substantially the form set forth below.**

**[To be provided by Shipman & Goodwin LLP]**

APPENDIX I-C

FORM OF CONTINUING DISCLOSURE AGREEMENT—GREEN BANK

*In accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission, the Green Bank will agree, pursuant to a Continuing Disclosure Agreement for the Series 2020 Bonds to be executed by the Green Bank substantially in the following form, to provide, or cause to be provided, (i) certain annual financial information and operating data, (ii) timely notice of the occurrence of certain events with respect to the Series 2020 Bonds, and (iii) timely notice of a failure by the Green Bank to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement for the Series 2020 Bonds.*

**Continuing Disclosure Agreement**

This Continuing Disclosure Agreement (the “Agreement”) is made as of May \_\_, 2020 by the Connecticut Green Bank (the “Issuer”) acting by its undersigned officers, duly authorized, in connection with the issuance of \$\_\_\_\_\_ Solar Home Renewable Energy Credit, Green Liberty Bonds, Series 2020 (the “Series 2020 Bonds”). The Series 2020 Bonds are being issued pursuant to an Indenture of Trust, dated as of May 1, 2020 (the “Indenture”), between the Issuer and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”).

**Section 1. Definitions.** For purposes of this Agreement, the following capitalized terms shall have the following meanings:

“Final Official Statement” means Part I of the official statement of the Issuer prepared in connection with the Series 2020 Bonds.

“MSRB” means the Municipal Securities Rulemaking Board established under the Securities Exchange Act of 1934, as amended, or any successor thereto.

“Repository” means the MSRB or any other information repository established pursuant to the Rule as amended from time to time.

“Rule” means Rule 15c2-12 under the Securities Exchange Act of 1934, as of the date of this Agreement.

“SEC” means the Securities and Exchange Commission of the United States, or any successor thereto.

**Section 2. Annual Financial Information.**

(a) The Issuer agrees to provide or cause to be provided to each Repository, in accordance with the provisions of the Rule and of this Agreement, annual financial information and operating data (commencing with information and data for the fiscal year ending June 30, 2020) as follows:

(i) Financial statements of the Issuer’s Authority Operating Fund and Bond Funds under the Indenture for the prior fiscal year, which statements shall be prepared in accordance with generally accepted accounting principles or mandated state statutory principles as in effect from time to time. As of the date of this Agreement, the Issuer prepares its financial statements in accordance with generally accepted accounting principles. The financial statements will be audited.

(ii) To the extent not included in the financial statements described in (i) above, the financial information and operating data within the meaning of the Rule described below (with references to the Final Official Statement); provided, however, that references to the Final Official Statement for the Series 2020 Bonds as a means of identifying such financial information and operating data shall not prevent the Issuer from reorganizing such material in subsequent official statements or annual information reports:

(A) \_\_\_\_\_ ;

(B) ; and

(C) .

(b) The financial statements and other financial information and operating data described above will be provided on or before the date eight months after the close of the fiscal year for which such information is being provided. The Issuer's fiscal year currently ends on June 30.

(c) Annual financial information and operating data may be provided in whole or in part by cross-reference to other documents available to the public on the MSRB's Internet site referenced in the Rule as amended from time to time or filed with the SEC. All or a portion of the financial information and operating data may be provided in the form of a comprehensive annual financial report, an annual information statement, or an Annual Report.

(d) The Issuer reserves the right (i) to provide financial statements which are not audited if no longer required by law, (ii) to modify from time to time the format of the presentation of such information or data, and (iii) to modify the accounting principles it follows to the extent required by law, by changes in generally accepted accounting principles, or by changes in accounting principles adopted by the Issuer; provided that the Issuer agrees that the exercise of any such right will be done in a manner consistent with the Rule.

**Section 3. Event Notice.**

The Issuer agrees to provide or cause to be provided, in a timely manner not in excess of ten business days after the occurrence of the event, to each Repository notice of the occurrence of any of the following events with respect to the Series 2020 Bonds:

- (a) principal and interest payment delinquencies;
- (b) non-payment related defaults, if material;
- (c) unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) unscheduled draws on credit enhancements reflecting financial difficulties;
- (e) substitution of credit or liquidity providers, or their failure to perform;
- (f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Series 2020 Bonds, or other material events affecting the tax status of the Series 2020 Bonds;
- (g) modifications to rights of holders of the Series 2020 Bonds, if material;
- (h) Bond calls, if material and tender offers;
- (i) Bond defeasances;
- (k) release, substitution, or sale of property securing repayment of the Series 2020 Bonds, if material;
- (l) rating changes;
- (m) bankruptcy, insolvency, receivership or similar event of the Issuer;
- (n) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry

into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

- (o) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (p) incurrence of a financial obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Issuer, any of which affect security holders, if material; and
- (q) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Issuer, any of which reflect financial difficulties.

For purposes of (o) and (p), the term “financial obligation” is defined as a (i) debt obligation, (ii) derivative instrument entered into in connection with or pledged as security or a source of payment for an existing or planned debt obligation, or (iii) guarantee of (i) or (ii). The term financial obligation does not include municipal securities for which a final official statement has been filed with the MSRB pursuant to the Rule.

#### **Section 4. Notice of Failure to Provide Annual Financial Information.**

The Issuer agrees to provide or cause to be provided, in a timely manner, to each Repository notice of any failure by the Issuer to provide annual financial information as set forth in Section 2(a) hereof on or before the date set forth in Section 2(b) hereof.

#### **Section 5. Use of Agents.**

Annual financial information and operating data and notices to be provided pursuant to this Agreement may be provided by the Issuer or by any agents which may be employed by the Issuer for such purpose from time to time.

#### **Section 6. Termination.**

The obligations of the Issuer under this Agreement shall terminate upon the earlier of (i) payment or legal defeasance, at maturity or otherwise, of all of the Series 2020 Bonds, or (ii) such time as the Issuer ceases to be an obligated person with respect to the Series 2020 Bonds within the meaning of the Rule.

#### **Section 7. Enforcement.**

The Issuer acknowledges that the undertakings set forth in this Agreement are intended to be for the benefit of, and enforceable by, the beneficial owners from time to time of the Series 2020 Bonds. In the event the Issuer shall fail to perform its duties hereunder, the Issuer shall have the option to cure such failure within a reasonable time (but not exceeding 30 days with respect to the undertakings set forth in Section 2 of this Agreement or five business days with respect to the undertakings set forth in Sections 3 and 4 of this Agreement) from the time the Issuer's Executive Director, or a successor, receives written notice from any beneficial owner of the Series 2020 Bonds of such failure. The present address of the Executive Director is 10 Columbus Boulevard, Hartford, Connecticut 06106.

In the event the Issuer does not cure such failure within the time specified above, the beneficial owner of any Bonds shall be entitled only to the remedy of specific performance. The Issuer expressly acknowledges and the beneficial owners are hereby deemed to expressly agree that no monetary damages shall arise or be payable hereunder nor shall any failure to comply with this Agreement constitute an event of default with respect to the Series 2020 Bonds including, without limitation, an Event of Default under the Indenture, or a breach of any duty or obligation of the Trustee under the Indenture.

**Section 8. Miscellaneous.**

(a) All documents provided by the Issuer to a Repository pursuant to the Issuer's undertakings set forth in Sections 2, 3 and 4 of this Agreement shall be in an electronic format as prescribed by the MSRB from time to time and shall be accompanied by identifying information as prescribed by the MSRB from time to time.

(b) The Issuer shall have no obligation to provide any information, data or notices other than as set forth in this Agreement; provided however, nothing in this Agreement shall be construed as prohibiting the Issuer from providing such additional information, data or notices from time to time as it deems appropriate in connection with the Series 2020 Bonds. If the Issuer elects to provide any such additional information, data or notices, the Issuer shall have no obligation under this Agreement to update or continue to provide further additional information, data or notices of the type so provided.

(c) This Agreement shall be governed by the laws of the State of Connecticut.

(d) Notwithstanding any other provision of this Agreement, the Issuer may amend this Agreement, and any provision of this Agreement may be waived, if (i) such amendment or waiver is made in connection with a change of circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the Issuer, (ii) the provisions of the Agreement as so amended or waived would have complied with the requirements of the Rule, taking into account any amendments or interpretations of the Rule as well as any changes in circumstances, in each case as of the date of such amendment to the Agreement or waiver and (iii) such amendment or waiver is supported by either an opinion of counsel expert in federal securities laws to the effect that such amendment or waiver would not materially adversely affect the beneficial owners of the Series 2020 Bonds or an approving vote by the holders of not less than 51% of the aggregate principal amount of the Series 2020 Bonds then outstanding pursuant to the terms of the Indenture. A copy of any such amendment or waiver will be filed in a timely manner with each Repository. The annual financial information provided on the first date following adoption of any such amendment or waiver will explain, in narrative form, the reasons for the amendment or waiver.

(e) This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but such counterparts shall together constitute but one and the same instrument.

CONNECTICUT GREEN BANK

By \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

APPENDIX I-D

FORM OF CONTINUING DISCLOSURE AGREEMENT—STATE

*In accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission, the State of Connecticut (the “State”) will agree, pursuant to a Continuing Disclosure Agreement for the Series 2020 Bonds to be executed by the State substantially in the following form, to provide, or cause to be provided, (i) certain annual financial information and operating data and (ii) timely notice of a failure by the State to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement for the Series 2020 Bonds.*

**Continuing Disclosure Agreement**

This Continuing Disclosure Agreement (this “Agreement”) is made as of May \_\_, 2020 by the State of Connecticut acting by its undersigned officers, duly authorized, in connection with the issuance by the Connecticut Green Bank (the “Issuer”) of \$ \_\_\_\_\_ Solar Home Renewable Energy Credit, Green Liberty Bonds, Series 2020 (the “Series 2020 Bonds”). The Series 2020 Bonds are being issued pursuant to an Indenture of Trust, dated as of May 1, 2020 (the “Indenture”), between the Issuer and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”).

**Section 1. Definitions.** For purposes of this Agreement, the following capitalized terms shall have the following meanings:

“Final Official Statement” means Part II of the official statement of the Issuer prepared in connection with the Series 2020 Bonds.

“MSRB” means the Municipal Securities Rulemaking Board established under the Securities Exchange Act of 1934 as amended, or any successor thereto.

“Repository” means the MSRB or any other information repository established pursuant to the Rule as amended from time to time.

“Rule” means Rule 15c2-12 under the Securities Exchange Act of 1934, as of the date of this Agreement.

“SEC” means the Securities and Exchange Commission of the United States, or any successor thereto.

**Section 2. Annual Financial Information.**

(a) The State agrees to provide or cause to be provided to each Repository, in accordance with the provisions of the Rule and of this Agreement, annual financial information and operating data (commencing with information and data for the fiscal year ending June 30, 2020) as follows:

(i) Audited financial statements of the State comprising its basic financial statements, currently consisting of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the State for the prior fiscal year, which statements shall be prepared in accordance with generally accepted accounting principles or mandated state statutory principles as in effect from time to time. As of the date of this Agreement, the State is required to prepare financial statements of its various funds and accounts on a statutory basis (i.e., following the adopted budget and related statutes as described in Part II to the Final Official Statement, under the caption “FINANCIAL PROCEDURES - Accounting Procedures”). As of the date of this Agreement, the State also prepares its financial statements in accordance with generally accepted accounting principles but is not required to do so.

(ii) To the extent not included in the financial statements described in (i) above, the financial information and operating data within the meaning of the Rule described below (with references to the Final Official Statement); provided, however, that references to the Final Official Statement for the Series 2020 Bonds as a means



of identifying such financial information and operating data shall not prevent the State from reorganizing such material in subsequent official statements or annual information reports:

1. Until such time as the State's only method of presenting its financial statements is substantially in accordance with generally accepted accounting principles ("GAAP"):
  - a. General Fund - Summary of Operating Results - Statutory Basis (for most recent fiscal year) (See Table 2 and Appendices II-D-6 and II-D-7).
  - b. General Fund - Summary of Operating Results - Statutory Basis vs. GAAP Basis (for most recent fiscal year) (See Table 3).
  - c. General Fund - Unreserved Fund Balance - Statutory Basis (as of the end of the most recent fiscal year) (See Table 4 and Appendices II-D-4 and II-D-5).
  - d. General Fund - Unreserved Fund Balance - Statutory Basis vs. GAAP Basis (as of the end of the most recent fiscal year) (See Table 5).
2. Statutory Debt Limit (as of end of most recent fiscal year or a later date) (See Table 7).
3. Direct General Obligation Indebtedness - Principal Amount Outstanding (as of end of most recent fiscal year or a later date) (See Table 8).
4. Summary of Principal, Mandatory Sinking Fund Payments, and Interest on Long-Term Direct General Obligation Debt (as of end of most recent fiscal year or a later date) (See Table 10).
5. Outstanding Long-Term Direct General Obligation Debt (as of end of most recent fiscal year) (See Table 11).
6. Authorized But Unissued Direct General Obligation Debt (as of end of most recent fiscal year or a later date) (See Table 12).
7. Statutory General Obligation Bond Authorizations and Reductions (for recent fiscal years, if any legislative action) (See Table 13).
8. Special Capital Reserve Fund Debt (as of end of most recent fiscal year or a later date) (See Table 16).
9. Funding status of the State Employees' Retirement Fund and the Teachers' Retirement Fund.

(b) The financial statements and other financial information and operating data described above will be provided on or before the date eight months after the close of the fiscal year for which such information is being provided. The State's fiscal year currently ends on June 30.

(c) Annual financial information and operating data may be provided in whole or in part by cross-reference to other documents available to the public on the MSRB's Internet Web site referenced in the Rule as amended from time to time or filed with the SEC. All or a portion of the financial information and operating data may be provided in the form of a comprehensive annual financial report or an annual information statement of the State.

(d) The State reserves the right (i) to provide financial statements which are not audited if no longer required by law, (ii) to modify from time to time the format of the presentation of such information or data, and (iii) to modify the accounting principles it follows to the extent required by law, by changes in generally accepted accounting principles, or by changes in mandated state statutory principles as in effect from time to time; provided that the State agrees that the exercise of any such right will be done in a manner consistent with the Rule.

**Section 3. Material Events.**

The State agrees to provide or cause to be provided, in a timely manner not in excess of ten business days after the occurrence of the event, to each Repository notice of the occurrence of any of the following events:

- (a) incurrence of a financial obligation of the State, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the State, any of which affect security holders, if material; and
- (b) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the State, any of which reflect financial difficulties.

For purposes of events (a) and (b), the term “financial obligation” is defined as a (i) debt obligation, (ii) derivative instrument entered into in connection with or pledged as security or a source of payment for an existing or planned debt obligation, or (iii) guarantee of (i) or (ii). The term financial obligation does not include municipal securities for which a final official statement has been filed with the MSRB pursuant to the Rule.

**Section 4. Notice of Failure to Provide Annual Financial Information.**

The State agrees to provide or cause to be provided, in a timely manner, to each Repository notice of any failure by the State to provide annual financial information as set forth in Section 2(a) hereof on or before the date set forth in Section 2(b) hereof.

**Section 5. Use of Agents.**

Annual financial information and operating data and notices to be provided pursuant to this Agreement may be provided by the State or by any agents which may be employed by the State for such purpose from time to time.

**Section 6. Termination.**

The obligations of the State under this Agreement shall terminate upon the earlier of (i) payment or legal defeasance, at maturity or otherwise, of all of the Series 2020 Bonds, or (ii) such time as the State ceases to be an obligated person with respect to the Series 2020 Bonds within the meaning of the Rule.

**Section 7. Enforcement.**

The State acknowledges that its undertakings set forth in this Agreement are intended to be for the benefit of, and enforceable by, the beneficial owners from time to time of the Series 2020 Bonds. In the event the State shall fail to perform its duties hereunder, the State shall have the option to cure such failure within a reasonable time (but not exceeding 30 days with respect to the undertakings set forth in Section 2 of this Agreement or five business days with respect to the undertakings set forth in Section 4 of this Agreement) from the time the State’s Assistant Treasurer for Debt Management, or a successor, receives written notice from any beneficial owner of the Series 2020 Bonds of such failure. The present address of the Assistant Treasurer for Debt Management is 55 Elm Street, 6th Floor, Hartford, Connecticut 06106.

In the event the State does not cure such failure within the time specified above, the beneficial owner of any Series 2020 Bonds shall be entitled only to the remedy of specific performance. The State expressly acknowledges and the beneficial owners are hereby deemed to expressly agree that no monetary damages shall arise or be payable hereunder nor shall any failure to comply with this Agreement constitute an event of default with respect to the Series 2020 Bonds, including, without limitation, an Event of Default under the Indenture or a breach of any duty or obligation of the Trustee under the Indenture.

**Section 8. Miscellaneous.**

(a) All documents provided by the State to a Repository pursuant to the State's undertakings set forth in Sections 2, 3 and 4 of this Agreement shall be in an electronic format as prescribed by the MSRB from time to time and shall be accompanied by identifying information as prescribed by the MSRB from time to time.

(b) The State shall have no obligation to provide any information, data or notices other than as set forth in this Agreement; provided however, nothing in this Agreement shall be construed as prohibiting the State from providing such additional information, data or notices from time to time as it deems appropriate in connection with the Series 2020 Bonds. If the State elects to provide any such additional information, data or notices, the State shall have no obligation under this Agreement to update or continue to provide further additional information, data or notices of the type so provided.

(c) This Agreement shall be governed by the laws of the State.

(d) Notwithstanding any other provision of this Agreement, the State may amend this Agreement, and any provision of this Agreement may be waived, if (i) such amendment or waiver is made in connection with a change of circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the State, (ii) the provisions of the Agreement as so amended or waived would have complied with the requirements of the Rule, taking into account any amendments or interpretations of the Rule as well as any changes in circumstances, in each case as of the date of such amendment to the Agreement or waiver and (iii) such amendment or waiver is supported by either an opinion of counsel expert in federal securities laws to the effect that such amendment or waiver would not materially adversely affect the beneficial owners of the Series 2020 Bonds or an approving vote by the holders of not less than 51% of the aggregate principal amount of the Series 2020 Bonds then outstanding pursuant to the terms of the Indenture. A copy of any such amendment or waiver will be filed in a timely manner with each Repository. The annual financial information provided on the first date following adoption of any such amendment or waiver will explain, in narrative form, the reasons for the amendment or waiver.

(e) This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but such counterparts shall together constitute but one and the same instrument.

STATE OF CONNECTICUT

By: \_\_\_\_\_  
Shawn T. Wooden, Treasurer

**APPENDIX I-E**

**[SECOND PARTY OPINION OF ALIGNMENT WITH GREEN BOND PRINCIPLES FOR GREEN BANK  
SERIES 2020 BOND ISSUANCE]**

## GREEN STANDARDS

### General

The Green Bank applied to the Climate Bonds Standard Board of the Climate Bonds Initiative, a charity registered in the countries of England and Wales, under its Climate Bonds Standard & Certification Scheme (the “Certification Process”) for, and received, certification of the Series 2020 Bonds as “Certified Climate Bonds”.

### Climate Bond Certification

The Certification Process involves assessment of a bond issuer and bond issue against a set of criteria and requirements developed by the Climate Bonds Initiative and known as the Climate Bonds Standard, and is intended to demonstrate that the projects intended to be financed by the bonds are of a type that the Climate Bonds Initiative has determined are consistent with delivering a low carbon and climate resilient economy, and to provide assurance that the proceeds of the bonds are used to fund such projects.

Also part of the Certification Process are sector-specific criteria, such as solar energy, that provide detailed eligibility criteria for different sectors. The requirements of the Climate Bonds Standard are separated into pre-issuance requirements, which need to be met for issuers seeking certification ahead of issuance, and post-issuance requirements, which need to be met by issuers seeking continued certification following issuance of bonds.

As a required part of the certification of the Series 2020 Bonds, the Green Bank engaged an independent, third-party verifier, Kestrel Verifiers (“Kestrel”), to issue a report as to whether the Green Bank and the Series 2020 Bonds have conformed to the pre-issuance requirements of the Climate Bonds Standard. In order to maintain the certification of the Series 2020 Bonds as Certified Climate Bonds, the Green Bank is required to engage a verifier to confirm that the Green Bank and the Series 2020 Bonds are in conformance with the post-issuance requirements of the Climate Bonds Standard, and to provide Bondholders at least annually a report on the projects (the “SHREC Projects”). No assurance can be given as to the outcome of such assessments.

### Solar Standards

In its application for certification of the Series 2020 Bonds, the Green Bank identified the SHREC Projects as projects that would meet the required criteria for the Climate Bonds Standard’s “Solar” eligible project category by virtue of the expectation that they will (1) relate to solar energy generation and operate or are under construction to operate in one or more of: (i) solar electricity generation facilities, (ii) wholly dedicated transmission infrastructure and other supporting infrastructure for solar generation facilities including inverters, transformers, energy storage systems and control systems, and (iii) solar thermal facilities such as solar hot water systems, and (2) have activities in solar energy generation facilities or solar thermal facilities that have a minimum of 85% of electricity generated from solar energy resources.

Deleted:

### Post-Issuance Reporting

With respect to the Series 2020 Bonds, the Green Bank will engage Kestrel to issue a report as to whether the Green Bank and the Series 2020 Bonds have conformed to the post-issuance requirements of the Climate Bonds Standard (an “Assurance Engagement”). Such report is required to be completed within one year of the issuance of the Series 2020 Bonds. If the Climate Bonds Standard Board is satisfied that the Green Bank and the Series 2020 Bonds are compliant with the post-issuance requirements, it will provide a statement that confirms the certification of the Series 2020 Bonds. The Green Bank will not be providing any additional Assurance Engagements to reaffirm conformance with the Climate Bonds Standard during the term of the Series 2020 Bonds.

With respect to the Series 2020 Bonds, the Green Bank has agreed with the Climate Bonds Initiative that the Green Bank will provide, for so long as any Series 2020 Bonds are outstanding, no later than 120 days following the Green Bank’s fiscal year end, (i) to the Climate Bonds Initiative, an annual statement that, as of the last day of such fiscal year, the Green Bank was, to the best of its knowledge, in conformance with the requirements of the Certification Process, and (ii) to the holders of the Series 2020 Bonds, an annual update on the SHREC Projects which, as of the last day of such fiscal year, were then associated with the Series 2020 Bonds for the purposes of the Climate Bonds Standard (the specific form and content of which are in the absolute discretion of the Green Bank). The Green Bank’s annual reporting obligations under

its Continuing Disclosure Undertaking will constitute the Green Bank's annual update of the SHREC Projects to the holders of the Series 2020 Bonds. See the caption "CONTINUING DISCLOSURE" in the body of this Official Statement.

Failure of the Green Bank to provide such annual statement to the Climate Bonds Initiative or such post-issuance report could result in revocation of the Certified Climate Bond certification. While the Green Bank intends to continue to provide such statement and report, the Green Bank's agreement to do so is solely for the benefit of the Climate Bonds Initiative; the Owners of the Series 2020 Bonds have no right to enforce the provisions of such agreement, and the Green Bank has no obligation to maintain the certification of the Series 2020 Bonds as Certified Climate Bonds.

**Limited Purpose of Climate Bond Certification; No Assurance as to Maintenance of Certification**

The certification of the Series 2020 Bonds as Certified Climate Bonds by the Climate Bonds Initiative is based solely on the Climate Bonds Standard and does not, and is not intended to, make any representation or give any assurance with respect to any other matter relating to the Series 2020 Bonds or the SHREC Projects (each, a "Nominated Project"), including but not limited to the Official Statement, the transaction documents related to the Series 2020 Bonds and the Nominated Projects, the Green Bank or the management of the Green Bank.

The certification of the Series 2020 Bonds as Certified Climate Bonds by the Climate Bonds Initiative was addressed solely to the Green Bank and is not a recommendation to any person to purchase, hold or sell the Series 2020 Bonds and such certification does not address the market price or suitability of the Series 2020 Bonds for a particular investor. The certification also does not address the merits of the decision by the Green Bank or any third party to finance any Nominated Project and does not express and should not be deemed to be an expression of an opinion as to the Green Bank or any aspect of any Nominated Project (including but not limited to the financial viability of any Nominated Project) other than with respect to conformance with the Climate Bonds Standard.

Deleted: -

The following paragraph has been provided by the Climate Bonds Initiative. In issuing or monitoring, as applicable, the certification, the Climate Bonds Initiative has assumed and relied upon and will assume and rely upon the accuracy and completeness in all material respects of the information supplied or otherwise made available to the Climate Bonds Initiative. The Climate Bonds Initiative does not assume or accept any responsibility to any person for independently verifying (and it has not verified) such information or to undertake (and it has not undertaken) any independent evaluation of any Nominated Project or the Green Bank. In addition, the Climate Bonds Initiative does not assume any obligation to conduct (and it has not conducted) any physical inspection of any Nominated Project. The certification may only be used with the Series 2020 Bonds and may not be used for any other purpose without the Climate Bonds Initiative's prior written consent.

The certification does not and is not in any way intended to address the likelihood of timely payment of interest when due on the Series 2020 Bonds and/or the payment of principal at maturity or any other date.

The certification may be withdrawn at any time in the Climate Bonds Initiative's sole and absolute discretion and there can be no assurance that such certification will not be withdrawn.

The Green Bank has no obligation to maintain the certification of the Series 2020 Bonds as Certified Climate Bonds.

## **FINDINGS OF SELF SUFFICIENCY FOR SOLAR HOME RENEWABLE ENERGY CREDIT (SHREC) TAXABLE MUNICIPAL BOND ISSUANCE BY THE CONNECTICUT GREEN BANK**

March 24, 2020

### **Introduction and Background**

Section 16-245mm of the Connecticut General Statutes (“CGS”) requires, as a condition of the issuance of any bonds by the Connecticut Green Bank (“Green Bank”) for a project backed by a Special Capital Reserve Fund (“SCRF”), that the Board of Directors of the Green Bank determine that the revenues from a project will be sufficient to pay all the costs of the project, including debt service.

Specifically, Section 16-245mm(e) of the CGS provides that no “bonds secured by a SCRF shall be issued to pay project costs unless the Green Bank is of the opinion and determines that the revenues from the project shall be sufficient to:

- (1) pay the principal of and interest on the bonds issued to finance the project,*
- (2) establish, increase and maintain any reserves deemed by the Green Bank to be advisable to secure the payment of the principal of and interest on such bonds,*
- (3) pay the cost of maintaining the project in good repair and keeping it properly insured, and*
- (4) pay such other costs of the project as may be required.”*

Green Bank proposes to issue SCRF-backed taxable municipal bonds in a principal amount projected to be between \$16,000,000 to \$19,000,000 (the “Bonds”), based on a minimum debt service coverage ratio (“DSCR”) of 1.15x, secured by the sale of solar home renewable energy credits (“SHREC Receivables”), created under Connecticut Green Bank’s Solar Home Renewable Energy Credit (“SHREC”) program. Unlike prior financings of the Green Bank which have been backed by a SCRF where a project involved the Green Bank financing the construction of a clean energy facility, such as a hydroelectric facility or solar photovoltaic (“PV”) systems for Connecticut state colleges and universities, in this case the project is the SHREC program which supports the Residential Solar Investment Program (the “RSIP”).

Under the RSIP, the Green Bank confers incentives to Connecticut homeowners who purchase solar PV systems for their home and for so-called third-party owners (“TPOs”) who provide these systems under lease agreements or the energy from these systems under power purchase agreements. In return for these incentives, the Green Bank takes title to all environmental attributes (such as energy credits, like SHRECs) and energy attributes (such as forward capacity benefits). Under the SHREC program, once created, SHRECs are sold by the Green Bank to Connecticut’s two investor-owned utility companies, The Connecticut Light and Power Company, d/b/a Eversource Energy (“Eversource”) and United Illuminating Company (“United Illuminating”, and collectively, the “Utilities”) under two Master Purchase Agreements (each, a “Master Purchase Agreement” or “MPA”), as statutorily required by CGS Section 16-245gg (the “SHREC Statute”).

Importantly, pursuant to CGS Section 16-245a, the Utilities are required to obtain a specific percentage or amount of energy they generate or sell from renewable sources under Connecticut’s Renewable Portfolio Standard.

As noted, the SHRECs are generated from solar photovoltaic systems participating in the Green Bank’s Residential Solar Investment Program (“RSIP”). The SHRECs are aggregated into annual tranches (each a “Tranche”) and sold to the Utilities at a fixed, predetermined price (the “SHREC Tranche Purchase Price”) over a 15-year period. In April 2019, the Green Bank (through a special purpose entity) issued approximately \$38.6 million in two classes on notes under an asset backed securities structure (the “SHREC Series 2019-1 Notes”). The SHREC Series 2019-1 Notes were supported by Tranche 1 and Tranche 2 of the SHREC program and were rated by Kroll. Kroll assigned an A- rating to the senior notes and BBB+ rating to the junior notes which were issued without the support of the Green Bank or a SCRF.

The SHRECs supporting this bond issuance will be revenues generated from Tranche 3, comprised of 4,818 solar PV systems with a SHREC Tranche Purchase Price of \$48.00 per SHREC. The Green Bank intends to issue Bonds in the maximum principal amount consistent with the DSCR of 1.15, with the proceeds used to (i) reimburse the Green Bank for the cost of the incentives associated with the systems comprising Tranche 3, plus the carrying costs of those incentives, (ii) fund the future incentives the Green Bank is obligated to pay with respect to such systems, (iii) recover the administrative expenses of the Green Bank incurred in originating the Tranche 3 SHRECs allocable to Tranche 3 and (iv) other costs associated with the RSIP, to the extent proceeds are available for such other costs..

**Revenue Generation - SHREC Creation and Sale Process**

On a quarterly basis, the Green Bank downloads the electricity generation data from SHREC-eligible, tranching residential solar PV systems. The Green Bank accesses the data via a web-hosted platform called Locus that receives generation data every 15 minutes from meters located on the platform.

To convert the downloaded electricity generation data to SHRECs, the Green Bank submits the data to the NEPOOL GIS. There is a time lag of one calendar quarter between when the electricity was generated and when the data is submitted to NEPOOL GIS and the SHRECs created:

Electricity generated (Calendar Quarter)	Green Bank submits electricity generation data to NEPOOL GIS (date)	SHRECs created by NEPOOL GIS (date)	SHRECs Payment by Utilities (date)
1. (Jan 1—Mar 31)	July 10	July 15	August 31
2. (Apr 1—Jun 30)	October 10	October 15	November 31
3. (Jul 1—Sep 30)	January 10	January 15	February 28
4. (Oct 1—Dec 31)	April 10	April 15	May 31

NEPOOL GIS creates SHRECs on a one for one basis, i.e., one SHREC created for one megawatt hour of electricity generated.



On the day they are created, the SHRECs are sold to the Utilities and automatically transferred from the Green Bank's NEPOOL GIS account to the NEPOOL GIS accounts of the Utilities. Under the terms of the Master Purchase Agreements, there is an 80%/20% split in this automatic transfer, with 80% of the SHRECs being transferred to Eversource's account and 20% to United Illuminating's account. Title to the SHRECs passes from the Green Bank to each respective Utility upon this transfer, and the Green Bank is able to invoice the Utilities for the sale. Payment from the Utilities is due on the last business day of the month following the month during which such SHRECs were delivered.

### **SHREC Eligibility**

Green Bank staff certify that systems are SHREC eligible through the Green Bank process for reviewing all systems for which an incentive application and subsequent completion paperwork is submitted to the program. Green Bank staff look at every solar PV system incentive application in detail, including the sales or lease/PPA contract, the customer's electric bill, the solar PV system one-line electrical diagram, shade report, and site plan. After systems are installed, all solar PV systems must pass municipal inspection with local officials (e.g., building and/or electrical officials) and must then receive utility approval to energize (which may include a witness test/inspection in UI territory). Upon receiving approval to energize, contractors submit completion paperwork to the Green Bank (via PowerClerk, the online incentive application and document management system) including a project completion form, equipment packing slip, the utility approval to energize document, and a self-inspection report and photos of the system.

As a result of this process, Green Bank staff are able to verify all key SHREC-eligibility information including the utility approval to energize and Green Bank ownership of the RECs associated with the system.

A utility's obligation to purchase SHRECs are as follows:

- a. A SHREC system must receive regulatory approval and all necessary corporate approvals. A system must first become certified as a Class I renewable energy source in CT. This is done by the Green Bank submitting an application to the Connecticut Public Utilities Regulatory Authority ("PURA") to receive Class 1 certification for that facility (done on a batch basis). Systems that have received this certification are eligible to be put in a tranche.
- b. There needs to be an executed Tranche Confirmation. The Green Bank can create a SHREC tranche by executing a Transaction Confirmation Agreement with the utilities that contains a list of facilities that are Class I certified but have not been included in a previous tranche. Once this agreement is executed, facility generation can be input into the NEPOOL GIS system, which then allows for RECs to be created on a quarterly basis. The NEPOOL GIS process to create a REC takes one quarter plus 15 days after generation has occurred (e.g., generation for Q1 2018 would result in Green Bank submitting data on July 10 and REC creation on July 15, 2018).
- c. Each quarter, the Green Bank certifies that quarter's generation, the Tranche Purchase Price, and that the systems meet the other eligibility criteria (e.g., Class I renewable energy source that has received Green Bank incentive).

These conditions to purchase are specified in the MPA and readily achievable in the ordinary course of business by the Green Bank completing the SHREC minting process. The Green Bank has completed and invoiced on a quarterly basis since the first Tranche in 2017 and the Utilities have paid each invoice without issue.

### **Use of Bond Proceeds – SHREC Cost Recovery and Future Expenses**

In addition to recovering the cost of bond issuance, proceeds from bond issuance will enable the Green Bank to recover previous RSIP expenses (including substantial incentive payments) which will allow the Green Bank to invest in future deployment of clean energy throughout the state (see table below). Below is the expected use of funds from the issuance.

<u>Use of Funds / Cost Recovery</u>	<u>Underwriting Scenario</u>		
	<u>P50</u>	<u>P90</u>	<u>P99</u>
<u>Fund Deposits</u>			
SCRF Reserve Account	1,640,790	1,640,790	1,640,790
Self-Sufficiency Reserve Account	0	511,216	2,247,955
<u>RSIP Incentives (Tranche 3)</u>			
Paid	6,070,892	6,070,892	6,070,892
Expected Payment	5,343,908	5,343,908	5,343,908
<b>Total RSIP Incentives</b>	<b>11,414,800</b>	<b>11,414,800</b>	<b>11,414,800</b>
<u>Financing Costs</u>			
Warehouse Interest	130,000	130,000	130,000
Cost of Issuance	400,000	400,000	400,000
Underwriters' Discount	219,400	219,400	219,400
<b>Total Financing Costs</b>	<b>749,400</b>	<b>749,400</b>	<b>749,400</b>
Administrative	2,995,010	2,483,794	747,055
<b>Total Use of Funds</b>	<b>16,800,000</b>	<b>16,800,000</b>	<b>16,800,000</b>

### **Bond Structure**

Green Bank has engaged the underwriting services of Ramirez & Co., Inc. (“Ramirez” or the “Underwriter”) as senior manager to structure and price the Bonds. The principal amount issued is projected to be between \$16,000,000 and \$19,000,000, with the final sizing to be determined based on market conditions at pricing. To the extent interest cost is lower (or, conversely, higher) than projected, the issuance amount may be increased (or, conversely, decreased) so long as the DSCR is not less than 1.15x.

In order to maximize advance rate and minimize cost of capital, secure ‘A’ category bond ratings, and achieve the widest possible retail distribution in Connecticut through the use of lower (\$1,000)

denomination bonds, the Green Bank proposes a SCRF as a credit enhancement in the municipal structure. Ramirez’s preliminary structure based on a SCRF follows below:<sup>1</sup>

'A' rated with 1.15x Coverage and SCRF sized at MADS

CGB P50 Projections with DNV Adjustments

Bond Component	Maturity Date	Amount
Serial Bond:		
	11/15/2021	1,075,000
<b>Serial Bond</b>	11/15/2022	1,090,000
	11/15/2023	1,110,000
	11/15/2024	1,125,000
	11/15/2025	1,145,000
	11/15/2026	1,170,000
	11/15/2027	1,190,000
	11/15/2028	1,215,000
	11/15/2029	1,235,000
	11/15/2030	1,260,000
		11,615,000
Term Bond:		
	11/15/2031	1,290,000
	11/15/2032	1,340,000
	11/15/2033	1,395,000
	11/15/2034	1,160,000
		5,185,000
		16,800,000

In addition to the Bond’s financial self-sufficiency as presented below (Finding #1), the Green Bank’s Board of Directors supports the bond issuance because it aligns with the Green Bank’s mandate of fostering the growth, development, and deployment of clean energy sources that serve end-use customers in the State of Connecticut. Moreover, the specific targeting of retail customers with lower denomination bonds enables citizens to participate in Connecticut’s green economy. As explained in more detail in Finding #1, the Bonds are supported by 4,818 residential solar PV systems expected to generate approximately 577,000 megawatt hours of electricity (MWh) over a 15-year period.<sup>2</sup>

As noted in Finding #5, Green Bank funding support for the Project’s obligations will be documented in the Master Trust Indenture structure.

**Certain risk factors associated with the Bonds**

Pursuant to regulations of Securities and Exchange Commission, issuers of bonds and other securities are required to disclose to all potential investors information about certain risk factors that are important in making a decision about investing in the bonds. Such risk factors are set forth

<sup>1</sup> While SHREC revenues are received over a 15-year period, revenues from Tranche 3 of the SHREC program which will support Series 2020 of the SHREC bonds commenced May 31, 2020, leaving approximately 14-1/4 years remaining once the Series 2020 SHREC bonds are issued.

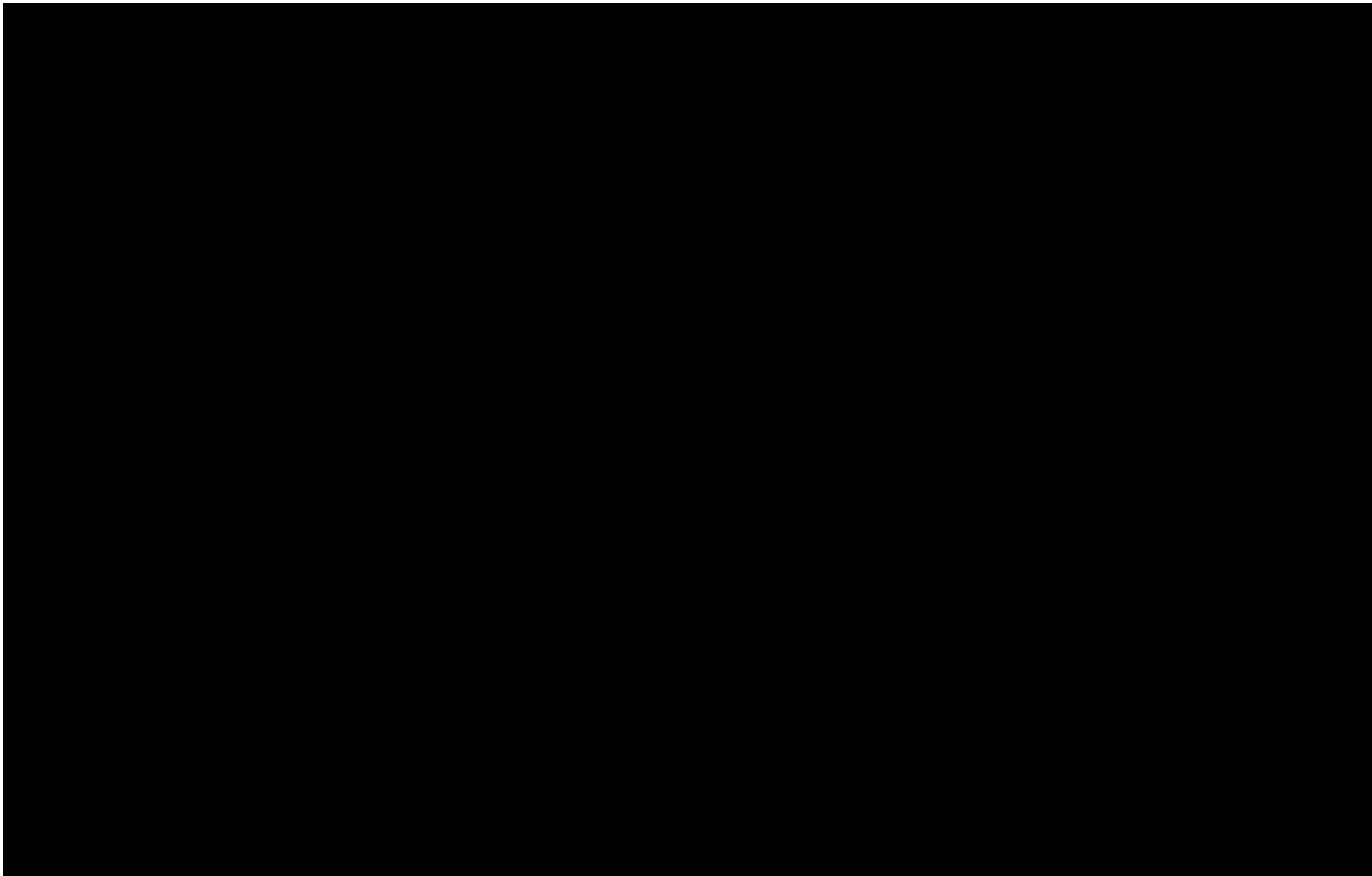
<sup>2</sup> Based on Clean Power Research projections for the full 15-year period. Expected to generate approximately 533,000 MWh over the life of the bonds.

in the Preliminary Official Statement attached as Exhibit F (the "POS"). In Exhibit G, Green Bank staff address certain risk factors disclosed in the POS that relate to the self-sufficiency findings.

**Findings of Self-Sufficiency (“Findings”)**

**Finding 1.** The Project’s revenues, as confirmed by the report of the independent engineer (“IE”), DNV GL (who has performed the duties of IE for Green Bank for the SHREC Series 2019-1 Notes and for the bonds to be supported by Tranche 3), together with the any initial starting cash reserves will be sufficient to pay all associated costs, expenses and debt service for the Bonds. An internationally recognized IE operating in more than 100 countries, DNV GL has provided technical due diligence services for residential solar PV portfolios since 2012, serving many of the top residential operators in the United States. DNV GL has served as the IE on over 10 securitizations for residential and commercial/industrial solar PV portfolios.

The following table shows the Project’s summary projections over the life of the financing. In addition, an annual projection is included in Exhibit B. Projections show that the Bonds will be self-sufficient from Project revenues with respect to the DSCR, which is projected to be 1.15x, and the other three factors set forth in CGS Section 16-245mm.



These projections assume:

- A total of \$16,800,000 financed through taxable municipal bonds;
- Special capital reserve account equal to maximum annual debt service (estimated \$1,640,790) funded at close from bond proceeds.
- A weighted average taxable coupon rate of [REDACTED] based on interest rates assumed by the Underwriter on March 19, 2020.
- Reasonable energy production projections from an independent engineer retained by the Green Bank (see Finding #4);
  - Generation estimates are typically stated on a “P50” or “P90” basis. These P-measures are a statistical estimate of how often, given variances in weather and system performance, solar projects will exceed that value. P50 means that for each year, 50% of the time generation is expected to be above the generation forecast and 50% of the time generation is expected to be below the generation forecast for such year. P90 means that for each year, 90% of the time generation is expected to be above the generation forecast and 10% of the time generation is expected to be below the generation forecast for such year. Base case generation assumptions use P50 values and “degradation rates”<sup>3</sup> as provided by the independent engineer. Moreover, the bond structure is able to support generation under the more stringent P90 scenario while still retaining a DSCR of more than 100%.
  - Tranche 1 and Tranche 2 SHRECs, which support the SHREC Series 2019-1 Notes have yielded generation and revenues for the first three quarters of that bond series equal to 97.6% of P50 projections confirmed by the independent engineer using a similar diligence process prior to issuance of that bond series.
- A fixed contract price of \$48.00 per SHREC over 15 years of generation, paid by the Utilities quarterly. This obligation is required under statute, enables full cost recovery by the Utilities and has been approved by PURA.
- Projected administrative costs for the management of the SHREC program following the origination of the three Tranches issued to date.

***As noted above, these projections assume a bond issuance amount sized to a DSCR of 115% given the other assumptions. Market conditions at the time the bonds are priced and other factors (such as the ultimate credit rating from S&P) will dictate the actual issuance amount. There could therefore be some variation in the final bond par amount and structure. Regardless, the final bond issuance amount will be sized so as to result in all cases with a minimum DSCR ratio of 1.15x using projected generation assumptions under the P50 scenario.***

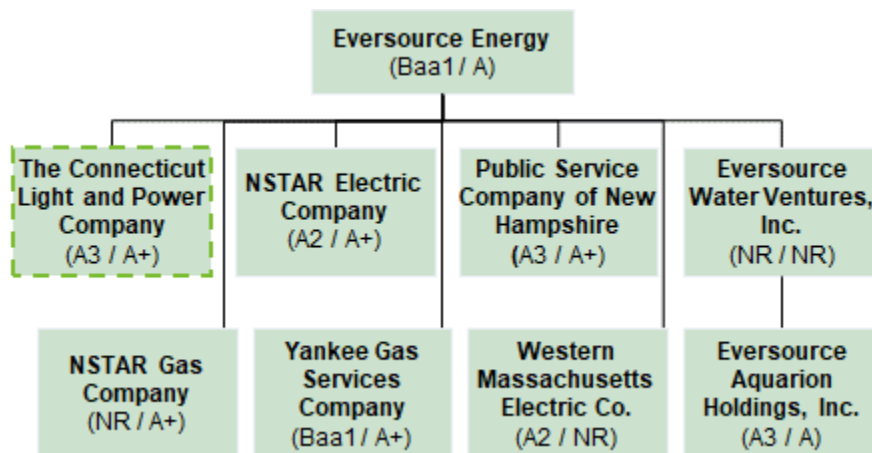
These assumptions are in keeping with established practice in the municipal bond industry for evaluating the economic viability of projects to be financed. The projections support the finding that SHREC revenues from Tranche 3 generation will allow for self-sufficient coverage of all Project expenses and annual Bond principal and interest payments.

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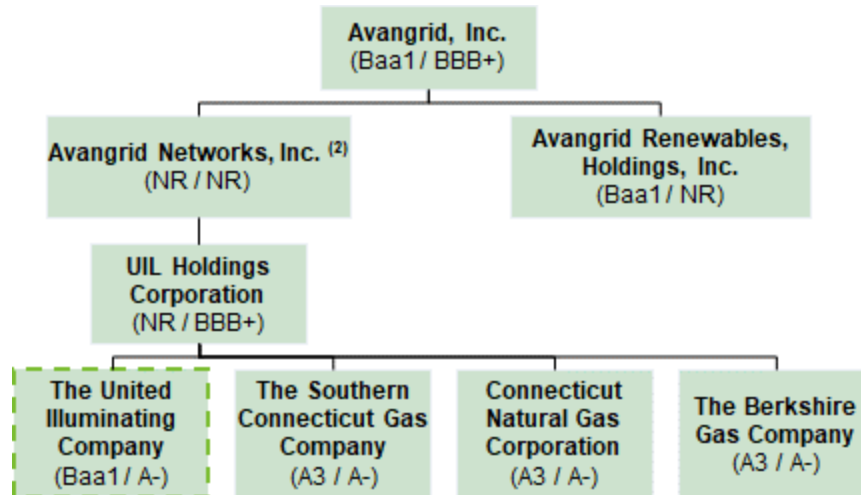
<sup>3</sup> The term “degradation rate” means the rate at which the output of electrical energy from the solar PV system declines over time. Standard solar panel warranties provide for a specified level of degradation over the life of the solar PV panels, typically 25 years.

**Finding 2.** The Utilities, on whose statutory and contractual compliance the financial results of the Bonds depend, are both regulated electricity distribution companies under the supervision of PURA. This oversight relationship is an important consideration in assessing the limited likelihood of counterparty failure. Under the SHREC program, the Utilities are statutorily mandated to enter into 15-year contracts with the Green Bank to purchase the SHREC Tranches generated by solar PV systems receiving the RSIP incentive and the purchase of these SHREC fulfills their statutory requirement under CGS Section 16-245a to obtain a specific percentage or amount of energy they generate or sell from renewable sources under Connecticut’s Renewable Portfolio Standard. The agreement is governed by the MPAs, which were jointly filed with and approved by the Connecticut Public Utilities Regulatory Authority on February 7, 2017, whose approval included approval of the full cost recovery of the SHREC program.

- The Connecticut Light and Power Company d/b/a Eversource Energy is a publicly traded utility company. Headquartered in Hartford, CT, it is a regulated utility that serves residential, commercial, and industrial customers in 149 cities and towns throughout the State of Connecticut. Connecticut Light and Power is rated A3 / A+ by Moody’s and S&P, respectively.



- United Illuminating is a subsidiary of Avangrid, Inc., a publicly traded energy services holding company doing business in the regulated energy distribution industry. Founded in 1899 and headquartered in New Haven, CT, United Illuminating is engaged in the purchase, transmission, distribution and sale of electricity in southwestern Connecticut. United Illuminating is rated Baa1 / A- by Moody’s and S&P, respectively.



**Finding 3.** Production risk from system degradation (as defined in footnote 3) or failure is mitigated through a system of operation and maintenance agreements as well as insurance coverage. The homeowner or TPO is responsible for maintenance and repairs, however the Green Bank has a platform on the Locus Energy system, a solar monitoring and data analytics platform provider for the solar PV market, through which Green Bank staff access production data for the fleet of systems incentivized through RSIP. Locus Energy and the Green Bank also have a contract by which Locus provides a robust active monitoring program for the RSIP fleet which includes daily review of alerts that flag monitoring issues, weekly review of estimated production losses, and quarterly review of fleet production.

If production is lower than expected (for reasons other than variation in weather or solar insolation), the Green Bank has the ability to notify the system owner to resolve the reason for the lower production. It is in the interest of system owners, whether homeowners or TPOs to resolve causes of lower than expected production. Homeowners gain more value with higher production from their solar PV system through higher displacement of their use of grid electricity. TPOs are motivated to sustain production in order to earn the PBI incentive paid quarterly for six years based on system production. Even after the 6<sup>th</sup> year, TPOs are motivated to maintain their brand reputation in the marketplace. TPOs usually have production guarantees built into lease/PPA contracts that require them to compensate homeowners if production is lower than expected.

In addition, as a contractor qualified under the RSIP program rules, all contractors agree to provide at minimum a five-year workmanship warranty that covers all components of the system against breakdown or degradation in electrical output of more than 10% from the original rated output. The warranty must also cover full costs of labor for repair or replacement of any defective solar PV system components. Many contractors provide customers with workmanship warranties longer than five years. If there is an issue related to workmanship after the 5-year (or longer) warranty period, the customer will need to pay the labor costs. Additionally, solar PV panels usually have 20- to 25-year warranties and inverters have 10- to 20-year warranties.

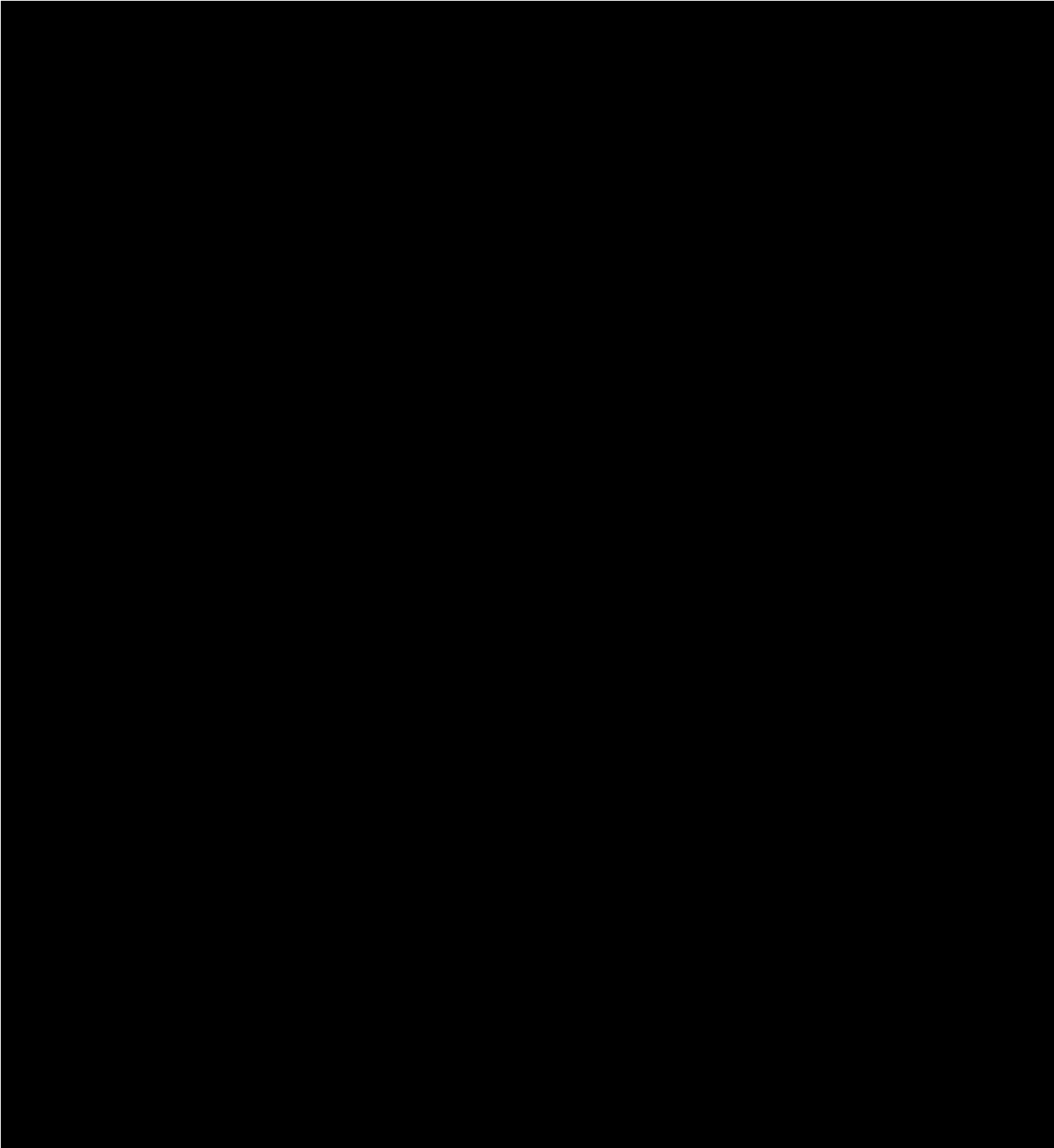
Systems owned by the homeowner are typically insured under the homeowner’s property & casualty (“P&C”) insurance policy. TPOs (approximately 74% of the systems in Tranche 3) can be expected to be required by their financing counterparties to have adequate liability and property

and casualty insurance. In order to receive approval to energize, Eversource and UI require that every homeowner having a solar PV system installed has homeowner's liability insurance coverage. The Green Bank, while not required, also typically obtains a parametric risk policy for the Tranches to cover losses as a result of windstorms or hurricanes (e.g., direct or indirect damage, business interruption). If such an event were to occur, proceeds from this policy would be pledged as revenues to the bonds. The insurance covers "actual losses" from reduced production in the event of such storms. Payout is determined based a sliding scale of exceedance of pre-agreed wind speeds and the incurrence of actual losses. While it is theoretically possible for solar PV systems to *not* be repaired or replaced whether due to malfunction or casualty loss, in the Green Bank's experience, the decommission rate for residential solar systems is very low. Out of 34,870 RSIP projects completed since 2012, all but 64 are still in operation as of March 2020, a loss rate of 0.2% over 8 years.

**Finding 4.** The IE conducted technical due diligence on the tranche (Tranche 3) that will support the Bonds. The IE examined historical performance, conducted an equipment review, and created a production forecast. Based on the IE's findings, their P50 production estimates for the portfolio were above that estimated by the Green Bank (102.3% of Year 1 projections), but with slightly higher degradation rates (DNV 0.68% vs. Green Bank 0.50%). The IE findings were incorporated into the Bond cash flow model.

As a mitigating factor against underproduction in the cash flow analysis, the Underwriters assumed P90 production for the investment grade scenarios. Under this scenario, the DSCR ratio remains above 1.0x, averaging approximately 1.06x but would require an additional reserve for administrative costs set aside at the beginning of the Project of \$511,216. In a P99 production scenario, the additional reserve set aside would be \$2,247,955.





**Finding 5.** The Bonds contemplated under this transaction will fall under a Master Trust Indenture (“MTI”) of the Green Bank as a financing sub-indenture under the MTI. The MTI is to become the major source of credit support for future financings and is being crafted to support all of the fiscal operations of the Green Bank. It will ultimately strengthen the credit of the Bonds as other programs and assets are included; any debt service deficiency in one financing sub-indenture can be covered by the Deficiency Mitigation Fund at the MTI. All excess revenues from the sub-

indentures will contribute to the MTI, and each financing indenture will benefit from the MTI credit umbrella supporting all of the financing indentures (excluding instances when such an enhancement is ineffective, e.g., a revenue bond where the Green Bank has a general obligation pledge). Under the MTI structure, the Green Bank, while not obligated under the SHREC indenture, has the ability under the MTI to use all available resources, whether native to MTI revenue sources or additional Green Bank capital sources (such as lines of credit) to satisfy any indenture deficiency, including any deficiency that would (but for the use of the Deficiency Mitigation Fund as supplemented by Green Bank capital sources) expose the SHREC bond structure to a draw on the SCRF. Moreover, with respect to the SHREC Financing Indenture, any excess proceeds from a bond issuance (as well as excess cash flow after payment of bond debt service and ongoing bond expenses (trustee costs, fees, etc.) will flow to other funds under the MTI in various funds and accounts (e.g. the “SHREC Program Sub-account of the Economic and Energy Security Fund) for RSIP/SHREC expenses (including incentive payments, administration, monitoring and oversight) associated with the underlying systems over the life of the bonds.

In addition to the statutorily mandated MPAs with the utilities to pay the Green Bank, the following sources of Green Bank funds, while not pledged to bondholders, will support the principal and interest repayment of the Bonds before a SCRF draw:

- **Systems Benefit Charge:** As its main source of capitalization, the Green Bank through C.G.S. § 16-245n(b) receives a 1 mill surcharge from customers of Eversource Energy and United Illuminating. The fund has been in existence since Connecticut deregulated its electric industry in the late 1990’s. On average, this surcharge generates about \$26 million a year to support the programs and initiatives of the Green Bank.
- **Regional Greenhouse Gas Emission Allowance Proceeds:** As a result of the Regulation of Connecticut State Agencies CGS Section 22a-174-31(f)(6)(B), the Green Bank receives a portion of Connecticut’s Regional Greenhouse Gas Initiative (RGGI) funds for renewable energy (approximately \$3 million to \$5 million annually).
- **Proceeds from Loans, Investments and Other Sources:** The Green Bank has a portfolio of loans and investments that produces income. Moreover, the Green Bank obtains revenues from other activities, including, but not limited to, the sale of renewable energy credits. For the fiscal year ended June 30, 2019, such activities resulted in approximately \$5 million of incremental income.

As of June 30, 2019, the Green Bank had a net asset position of \$76.3 million.<sup>4</sup>

## **DETERMINATION**

The Board of Directors of the Green Bank is of the opinion and determines that, provided the final bond issuance amount is sized so as to result in all cases with a minimum DSCR of 1.15x using projected generation assumptions under the P50 scenario, Project revenues will be sufficient to:

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<sup>4</sup> Audited figure Connecticut Green Bank Comprehensive Annual Financial Report (p 5).

- (1) pay the principal of and interest on the bonds issued to finance the project,*
- (2) establish, increase and maintain any reserves deemed by the Green Bank to be advisable to secure the payment of the principal of and interest on such bonds,*
- (3) pay the cost of maintaining the project in good repair and keeping it properly insured, and*
- (4) pay such other costs of the project as may be required.*

Attached hereto as Exhibit A is a copy of a letter from the Green Bank's financial advisor (Lamont Financial Services Corporation) relating to these Findings (that is, Findings #1 - #5, inclusive, contained herein). Attached as Exhibit B are the Project's projected revenues, expenses, debt service for the Bonds and coverage ratios. Attached as Exhibit C is the report of Green Bank's independent engineer. Attached as Exhibit D is a copy of a structural diagram for the SHRECs. Attached as Exhibit E is a copy of a structural diagram for the Master Trust Indenture structure inclusive of the Deficiency Mitigation Fund and the RSIP/SHREC Administration Fund. Attached as Exhibit F is a copy of the Preliminary Offering Statement for the Bonds. Attached as Exhibit G is the Green Bank's assessment of certain risk factors associated with the Bonds as set forth in the Preliminary Offering Statement.

## **Exhibit A**

### LETTER FROM LAMONT FINANCIAL SERVICES CORPORATION

***LAMONT***

***Financial Services Corporation***

New Jersey • California

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March 9, 2020

Mr. Bert Hunter  
EVP and Chief Investment Officer  
Connecticut Green Bank  
845 Brook Street  
Rocky Hill, CT 06067

Bert,

Lamont Financial Services is serving as financial advisor to the Connecticut Green Bank ("CGB") and has reviewed the financing documents and financial analysis in connection with the SHREC solar transaction with Eversource and UI. The project will sell SHRECs to the utilities representing approximately 39.3 MW-DC of rooftop solar capacity. The project is being financed with taxable bonds in the public markets. The taxable bond issue is expected to produce a total of \$18-21 million in proceeds to reimburse the Green Bank for advances made and to fund future incentive obligations and administrative expenses associated with the project. The range in proceeds is market dependent, with lower interest costs leading to a higher bond proceeds yield at the same debt service coverage ratio.

#### The Findings

There are five findings made by the Board in connection with seeking approval for SCRF backing:

1. The project is affordable. The bonds are backed by SHREC payments from the utilities, the per MW rate is fixed for the first 15 years and will then revert to a market rate thereafter. CGB is funding the DSRF in full for maximum annual debt service in addition to the protections being provided through the MTI.
2. The Green Bank's counterparties are Eversource and United Illuminating for the SHRECs, both investment grade entities. All the key documentation has been in place already through existing agreements, so there are no expected material issues in the documentation.
3. The homeowners who are putting rooftop solar on their homes represent a very low default risk. The average credit score in this portfolio is a FICO of 745.
4. The generation assumptions for the SHREC revenues are reviewed by an Independent Engineer (DNC-GL), which issues correction factors based on their own modelling. DNV-GL have reviewed prior SHREC portfolios for the Green Bank, and their projections have been realized within a 1% variance. For the first year, DNV-GL estimated energy generation to be 102.3% of CGB's own estimates (CGB was conservative).
5. CGB will provide additional support using the Master Trust Indenture. All revenues that are free to a pledge to bondholders are available in the MTI to provide support if project revenues are insufficient in any period. The MTI requires that a Deficiency Mitigation Fund be funded to the extent of any deficiency in the debt service account in the SHREC indenture, such that the sum of the balance in the debt service account of the SHREC indenture plus the amount being funded in the Deficiency Mitigation Fund will be sufficient to pay SHREC debt service when due.

Lamont has reviewed the documentation and exercised diligence in several conversations with the CGB and agrees with the findings presented to the Board.

30 TWO BRIDGES ROAD, SUITE 205, FAIRFIELD, NJ 07004  
PHONE: 973-785-8900 FAX: 862-210-8023  
bob@lamontfin.com

#### Rationale for Self-Sufficiency Finding

The security for the bond issue is the sale of SHRECs to the utilities, who have agreed to a fixed price unit rates for each MWhr of solar generated power. Passive solar sales produce a reliable SHREC revenue stream, even though the power production is seasonal. History shows that over a full year that the expectation for power production has been achieved within 95%+ of expectation. Thus, even with occasional issues on SHREC production in isolated cases in the portfolio, the expectation is that the revenue production will be covered within the expected tolerances that have been designed into the financing. In addition, to the extent that any debt service shortfalls develop, the CGB is providing additional security through its Master Trust Indenture ("MTI"). The MTI is supported by all of the CGB revenues from the System Benefit Charge, RGGI funding, loan repayments, investment income, and the sale of investment credits. Further, there will be a Debt Service Reserve Fund established in the SHREC Indenture at Maximum Annual Debt Service, which will be funded at closing and will provide support to the transaction and allow the SCRF mechanism to work if needed.

The MTI creates a monthly flow of funds to cover administration of the programs of the CGB, to fund a debt service fund and a DSRF for any direct debt of the MTI, to fund a Deficiency Mitigation Fund to deal with any problems in any related financing indenture. Funding of the Deficiency Mitigation Fund ("DMF") is related to a measurable shortfall in funding of the debt service fund in any related financing indenture. Once a deficiency is determined (usually as a deficiency in the debt service fund balance or in a debt service reserve fund balance at the financing indenture level), funding begins immediately through the MTI flow of funds, and if necessary, by accessing balances in the various funds in the MTI that are lower in the waterfall than the DMF. These are all funds that are part of the Green Bank's balance sheet.

The bonds are structured around the projected available revenues (which accounts for seasonality as well as the aging of the solar cells over time) and provide in every year a projected debt service coverage ratio of at least 1.15x. The debt service is fixed. The proceeds will be dependent on the taxable market conditions at the time of the sale, with taxable rates at or near all-time low rates. The SHREC revenues are expected to cover all debt service costs, without the need for the MTI. However, the MTI will support these SHREC bonds before any demand is made upon the State to refill a SCRF reserve fund. The projections suggest that the CGB will not need to provide additional support as the project is expected to be self-sufficient.

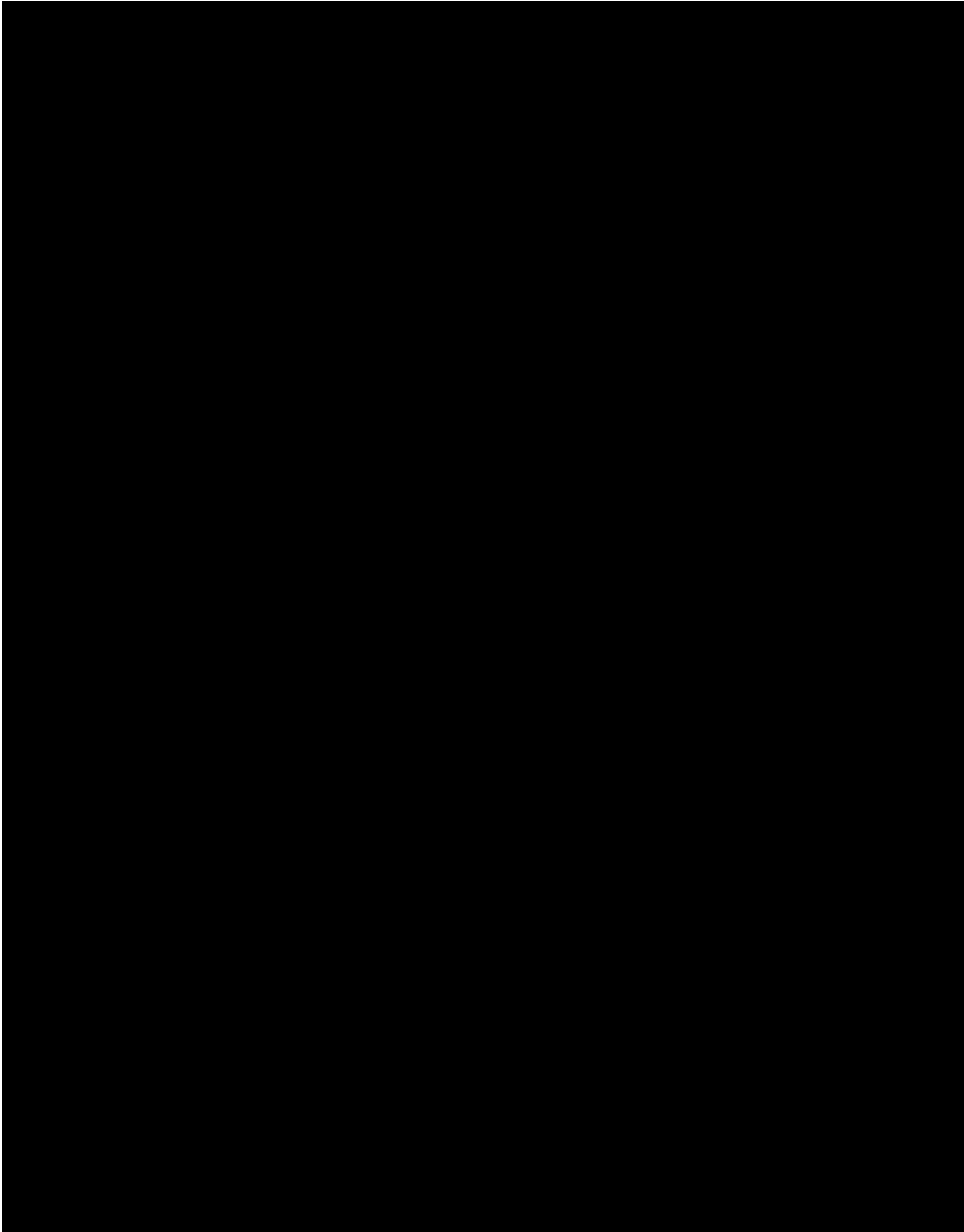
Thus, Lamont believes that the strategic support that will be available through the MTI, when combined with all of the other remedies that CGB has built into their SHREC agreements strongly supports the Finding of Self-Sufficiency as required to use SCRF credit support.

Yours truly,

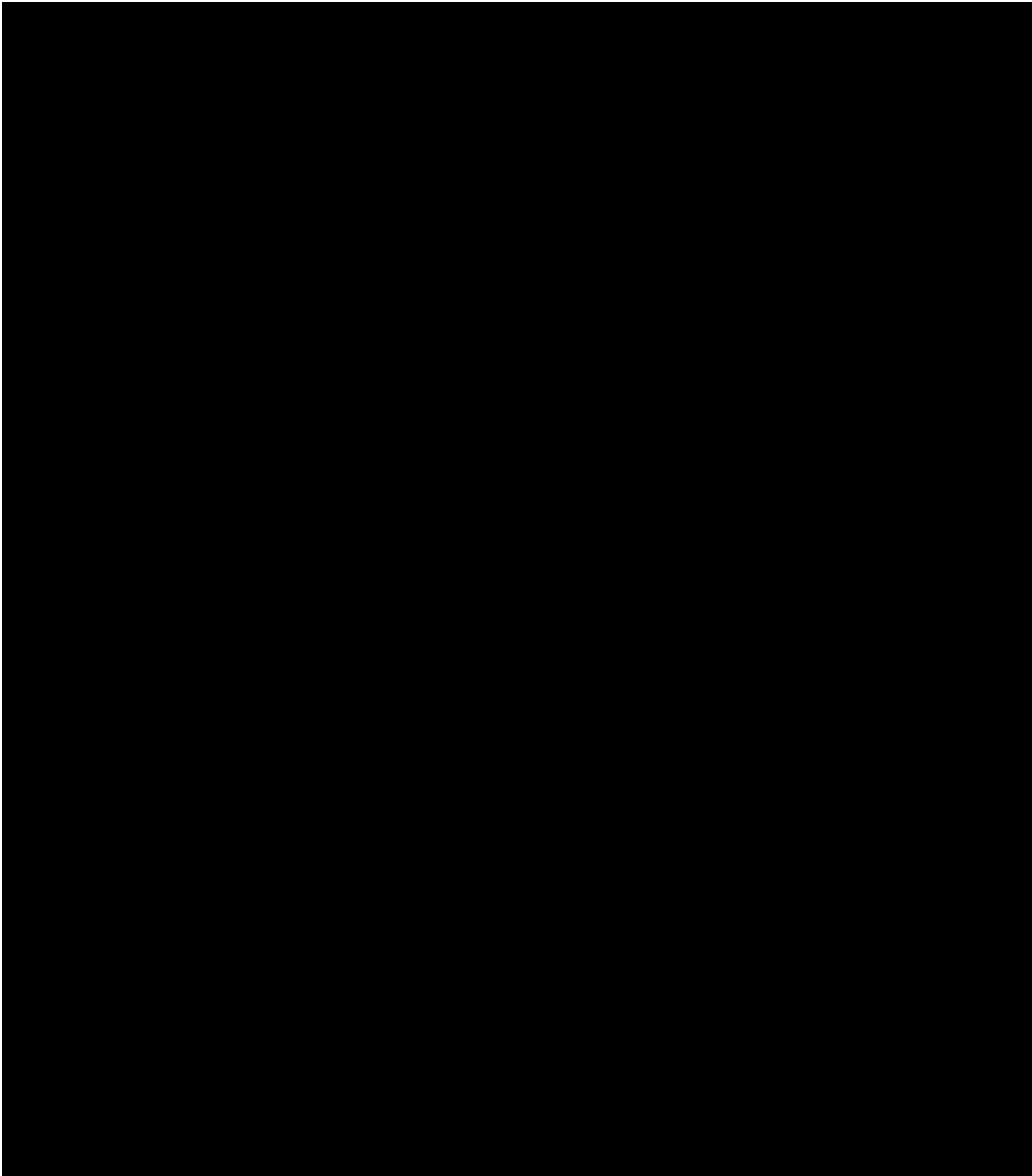
Robert A. Lamb  
President

**Exhibit B**

Cash Flow and Bond P&I Projections

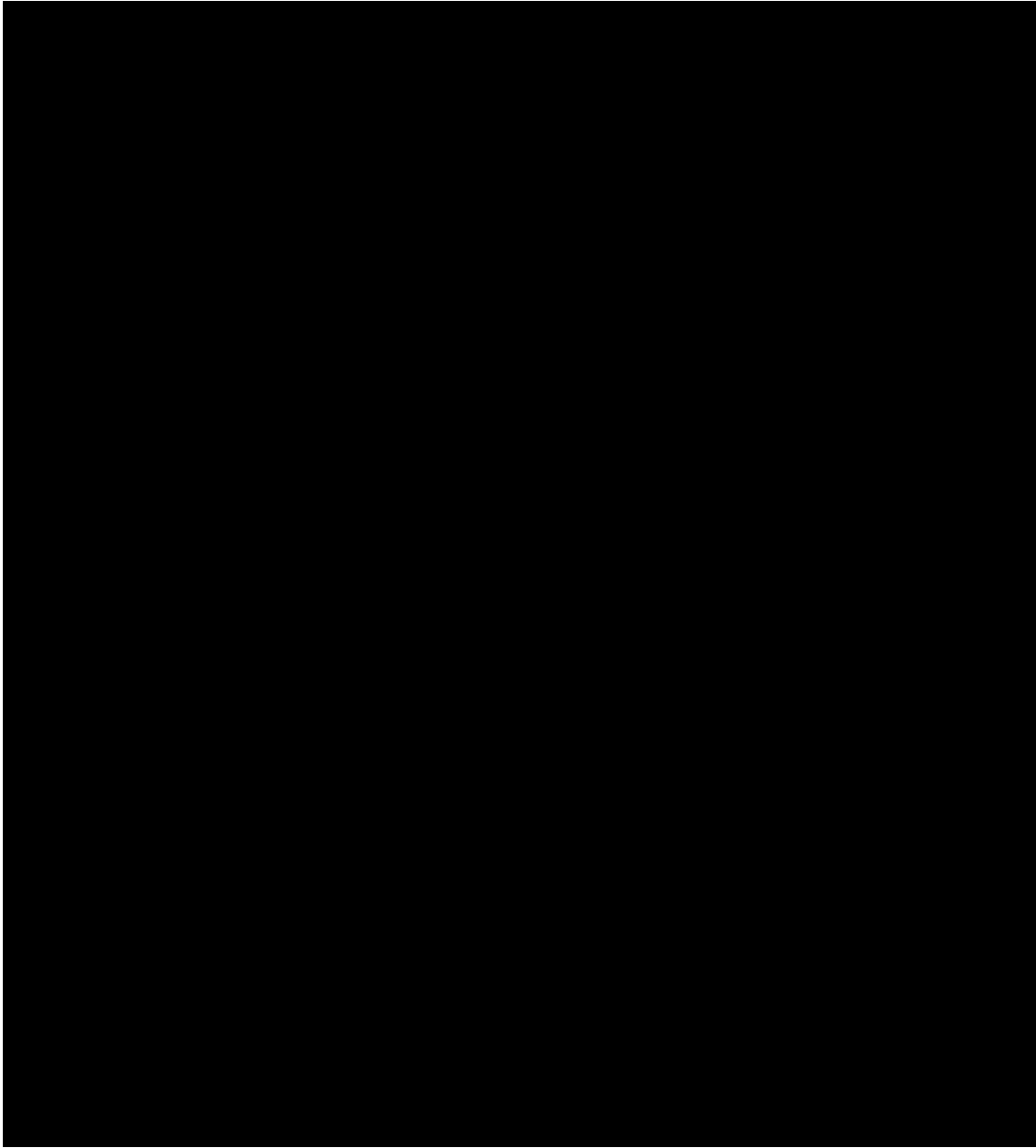


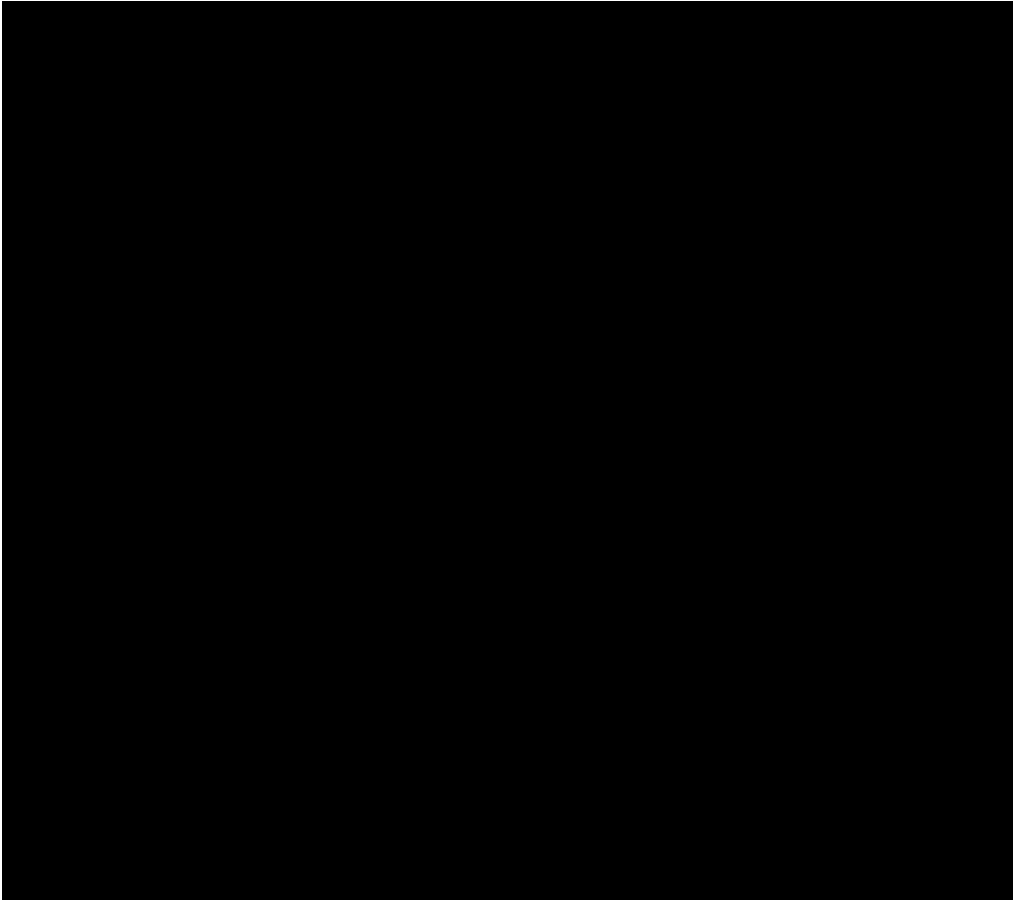


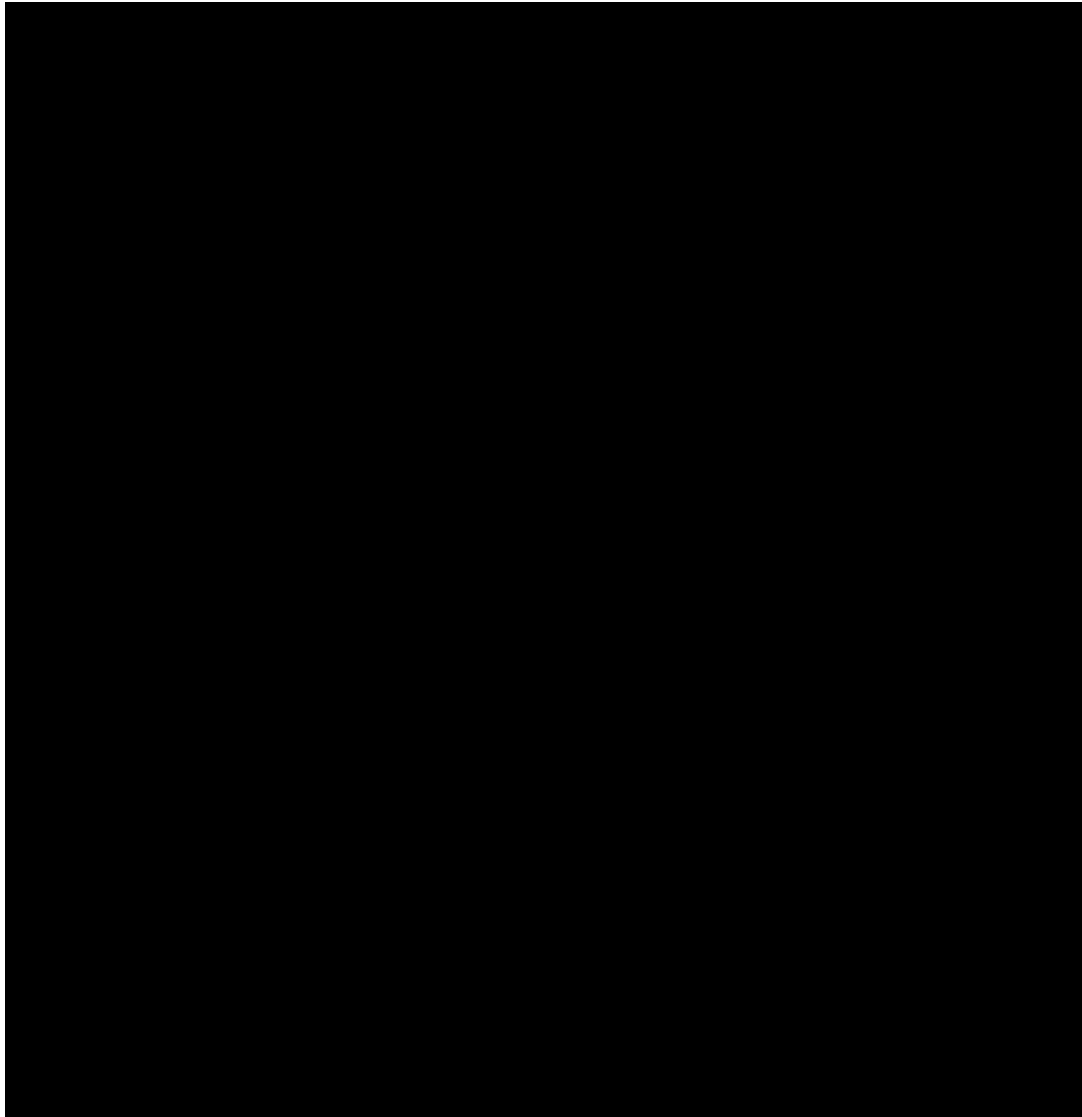


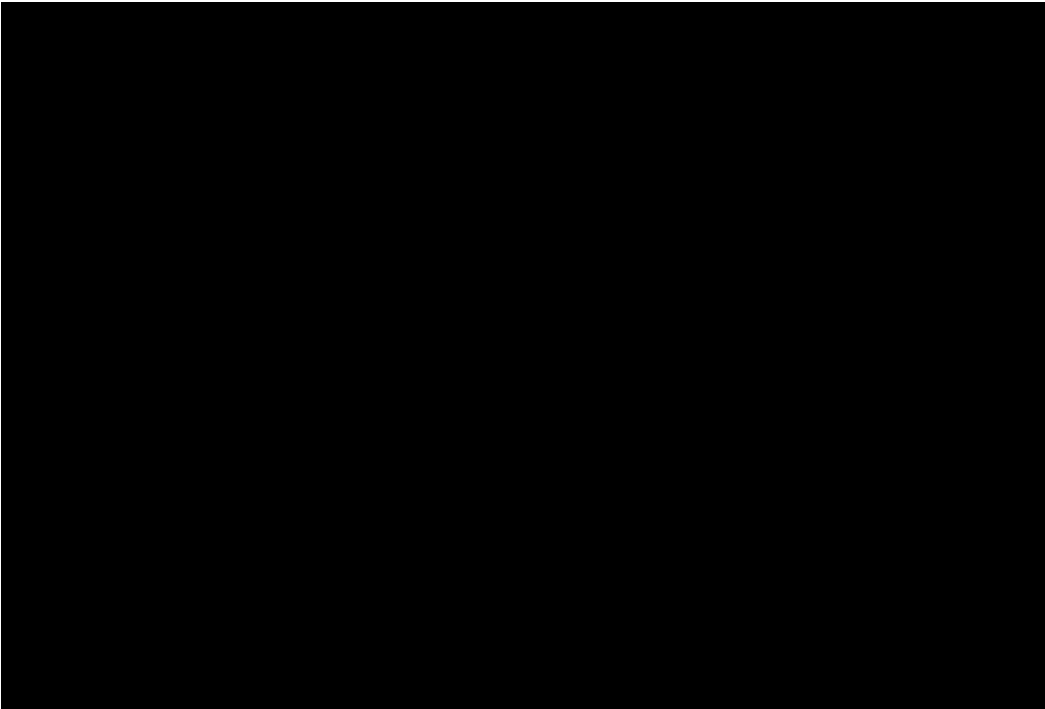


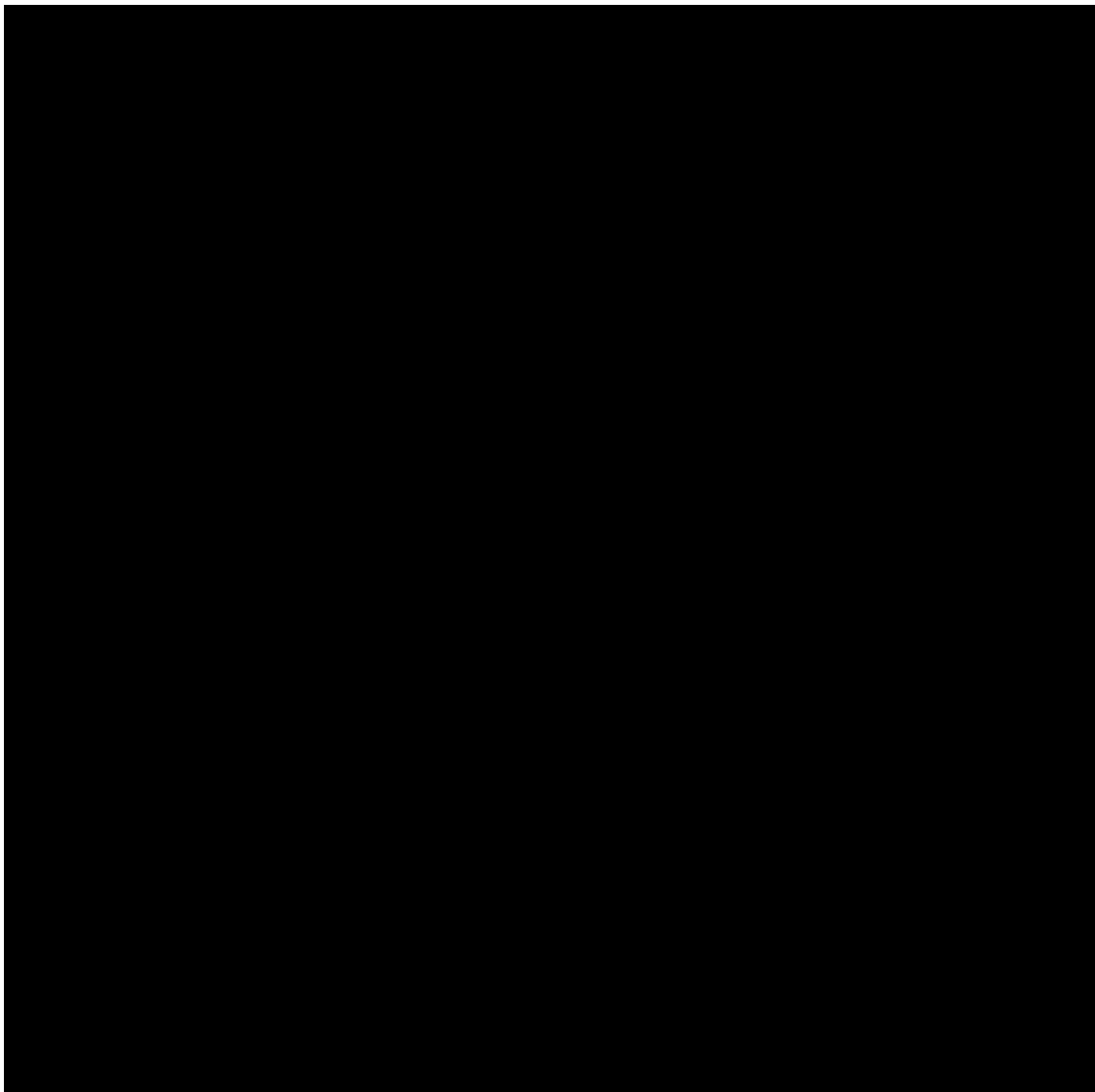












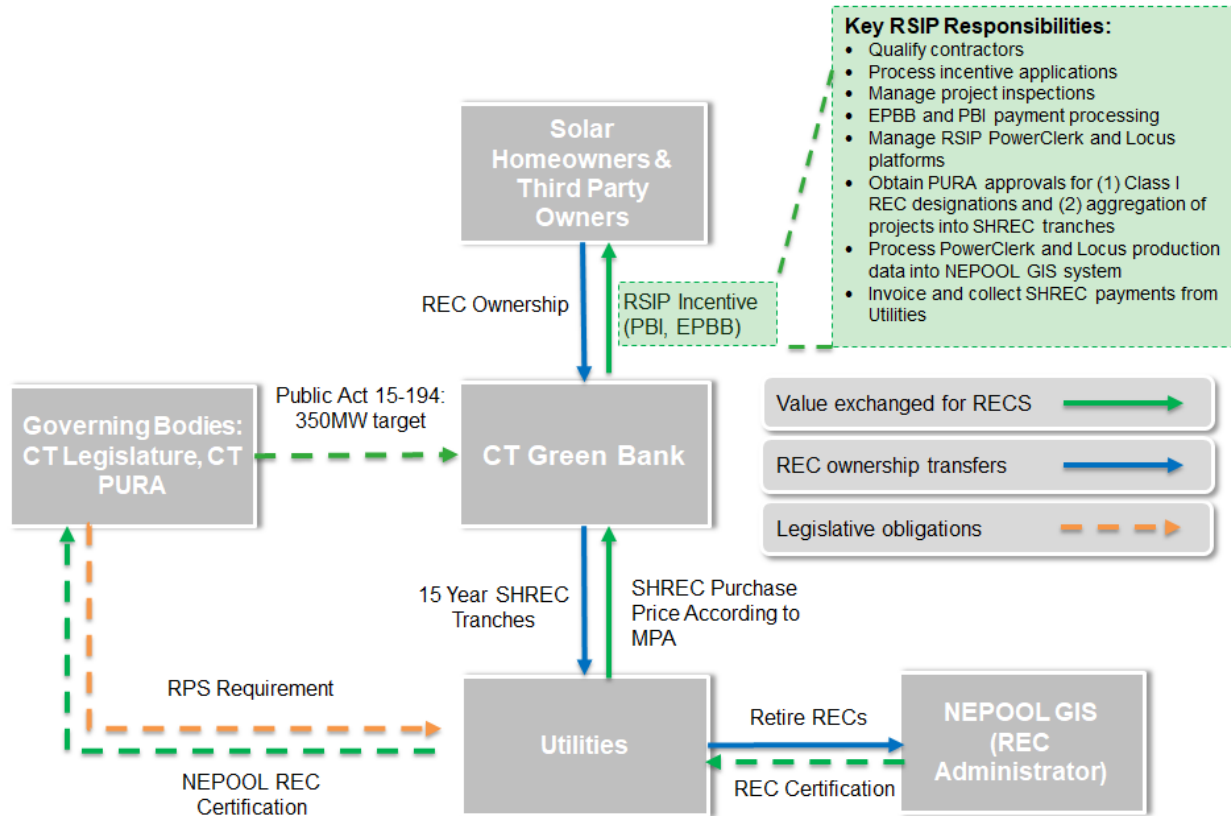
**Exhibit C**  
**Independent Engineer Report Snapshot**

TO BE PROVIDED

**Exhibit D**

**Structural diagram for the SHRECs**

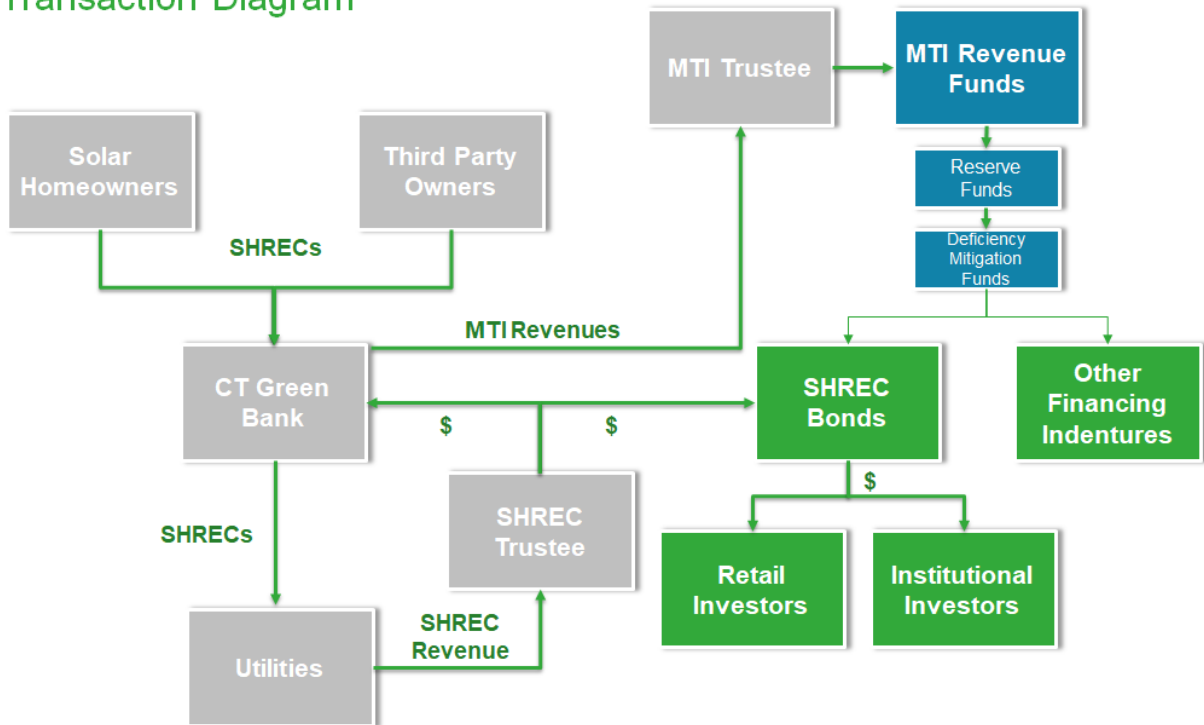
# SHREC Creation Process





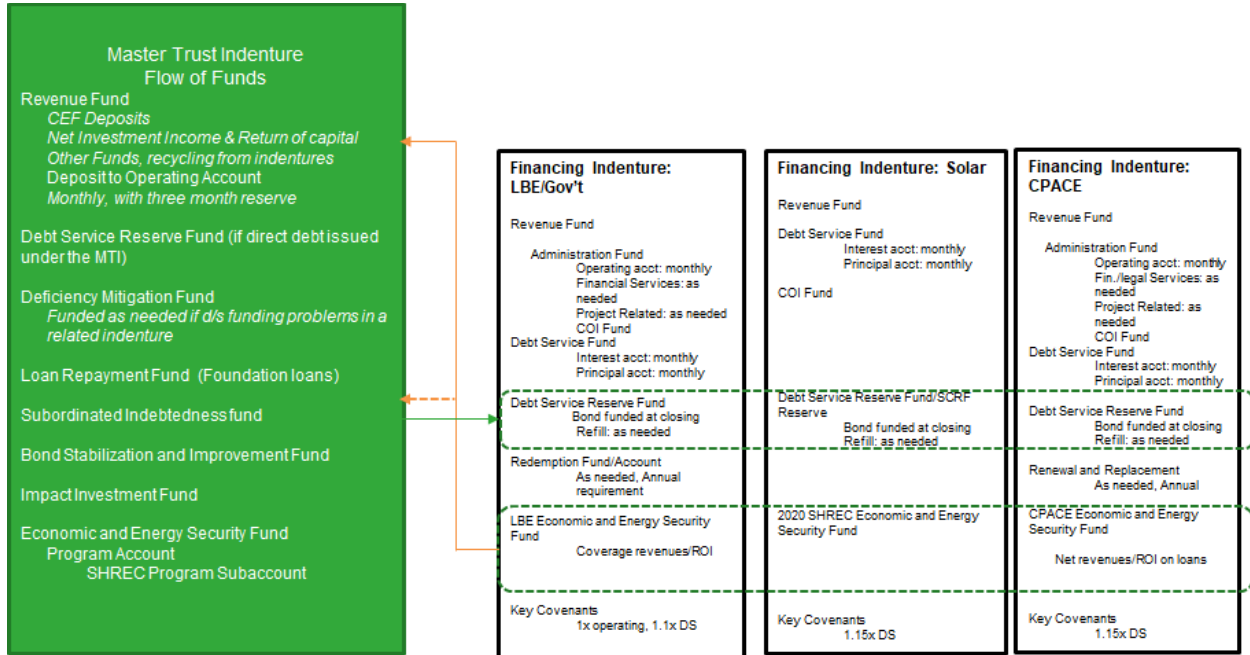
# SHREC 2020

## Transaction Diagram



**Exhibit E**

**Structural diagram for the Master Trust Indenture<sup>5</sup>**



<sup>5</sup> Illustrative Financing Indentures. To date only the SHREC Financing Indenture has been drafted.

**Exhibit F**  
**Preliminary Offering Statement for the Bonds**

TO BE PROVIDED

## **Exhibit G**

### **Green Bank's assessment of certain risk factors associated with the Bonds as set forth in the Preliminary Offering Statement<sup>6</sup>**

Pursuant to regulations of Securities and Exchange Commission, issuers of bonds and other securities are required to disclose to all potential investors information about certain risk factors that are important in making a decision about investing in the bonds. The following represents the investment considerations disclosed in the Preliminary Offering Statement for the Bonds. Following each identified risk factor, Green Bank staff provides additional context for the risk factors.

#### **INVESTMENT CONSIDERATIONS**

(as extracted from the Preliminary Offering Statement of the Bonds)

*The following investment considerations describe certain risk factors of an investment in the Series 2020 Bonds. Additional investment considerations relating to an investment in the Series 2020 Bonds are described throughout this Official Statement, whether or not specifically designated as investment considerations. Investors should consider such investment considerations in deciding whether to purchase any of the Series 2020 Bonds. There can be no assurance that other investment considerations will not become material in the future. In the event of a shortfall of Revenues, material delays in payments of principal or interest, or losses, on the Series 2020 Bonds could result and could materially reduce the value of the Series 2020 Bonds. These and other factors could result in a loss of marketability, or of market value, of the Series 2020 Bonds even if no such payment delay or loss occurs.*

#### **The Capacities of the SHREC Systems in the Portfolio are Estimates and Averages Only, Based on Assumptions, and Production May Not Meet These Estimates**

The Green Bank has relied upon certain assumptions of the average capacity across the SHREC Tranche 3 portfolio, in estimating what the SHREC Systems can be expected to generate in MWh of electricity. The Green Bank has also relied upon estimates and assumptions concerning the annual rate of degradation over the 15-year term of SHREC Tranche 3. These assumptions and estimates may not accurately predict the actual MWh of electricity the SHREC Systems actually produce and that the Utilities are required to purchase under the Master Purchase Agreements. Under the Master Purchase Agreements, the Utilities are required to pay for only the SHRECs that are delivered by the Green Bank in the preceding month to the respective Utility's NEPOOL GIS account. Any decrease in the anticipated amount of such SHRECs generated by the SHREC Systems within SHREC Tranche 3 would result in reduced cash flow from the Utilities to the Green Bank. This would impair the Green Bank's ability to pay the principal and interest on the Series 2020 Bonds. These estimates of potential SHREC System capacity are estimates of production only, and no guarantee of ultimate performance is offered, granted, suggested or implied.

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<sup>6</sup> Green Bank staff has addressed these risk factors in an appendix for ease of tracking comments. If preferred by OTT once the findings have been finalized, staff can bring the final version of risk factors into the body of the memo.

**Green Bank context:** Estimates of production of electricity for the SHREC Systems used to determine the projected debt service coverage ratios (DSCRs) in the finding have been confirmed by the Green Bank's independent engineer that has extensive experience with the performance of solar PV systems as well as performing as an independent engineer for several capital markets securitizations. While it is true that assumptions and estimates may not accurately predict the output of electricity the SHREC Systems will actually produce, the assumed generation estimates for the "base case" (or "P50 case") assumes that the actual generation is equally likely to be above and below the estimate. This forecast results in a DSCR of 115%. In addition, the independent engineer for the "stress case" (or "P90 case") assumes generation estimates will be exceeded by actual generation 90% of the time, yet only a 10% chance of being below the estimate. This forecast results in a DSCR of >100% (but below 115%). In a similar manner, the independent engineer confirmed similar estimate for the Tranche 1 and Tranche 2 SHRECs, which support the SHREC Series 2019-1 Notes. The Tranche 1 and Tranche 2 portfolios have yielded generation and revenues for the first three quarters of that bond series equal to 97.6% of P50 estimates. Accordingly, the Green Bank is of the view that the estimates confirmed by the independent engineer offer a sound basis for Finding 1.

### **The Transfer of the SHRECs From the Green Bank to the Utilities Relies Upon the NEPOOL GIS**

Under the Master Purchase Agreements, the SHRECs are created and transferred on a virtual system, the New England Power Pool Generation Information System or any successor thereto, which includes a generation information database and certificate system, operated by the New England Power Pool ("NEPOOL"), its designee or successor entity, which accounts for the generation attributes of electricity generated within New England. The SHREC transfer contemplated by the Master Purchase Agreements is wholly dependent upon the continued functioning of the NEPOOL GIS (generation information system) without disruption. Should any temporary or permanent disruption of the NEPOOL GIS occur, delays in the calculation and payments due from the Utilities to the Green Bank may occur. This would impair the Green Bank's ability to pay the principal and interest on the Series 2020 Bonds.

**Green Bank context:** The NEPOOL generation information system (GIS) is the means for tracking and trading renewable energy certificates (RECs) needed in New England to demonstrate compliance with state mandates for generation attributes. The GIS creates and tracks one REC for every MWh of energy produced and identifies the fuel source, emissions and other attributes of each MWh consumed in New England. Those MWh include energy that is settled in the ISO-NE market settlement system or produced by certain behind-the-meter generation resources and generators importing power into New England. The RECs also track performance of conservation resources in the region. As RECs (such as the SHRECs) are needed in New England to demonstrate compliance with state mandates for generation attributes (such as for residential solar PV – as with the SHRECs), there must exist a tracking mechanism for this process – and NEPOOL GIS is the designated platform. Should NEPOOL GIS for whatever reason cease to operate, in the context of a system being needed to demonstrate compliance with state mandates for generation attributes, it is reasonable to assume that there would need to be established a successor platform and that the chances for the lack of a platform, given such mandates, is remote.

### **Reliance on Metering**

SHRECs to be created are measured by mechanical and electronic metering devices that may break down or fail, and not all of such breakdowns or failures are promptly recognized by homeowners, the Green Bank or the Utilities. The occurrence of mechanical or equipment breakdown or other mishaps or events would prevent potential SHRECs from entering the NEPOOL GIS and being accounted for and recognized and billed for under the Master Purchase Agreements. This would potentially reduce the payments due to the Green Bank under the Master Purchase Agreements and would impair the Green Bank's ability to pay the principal and interest on the Series 2020 Bonds.

***Green Bank context:** The Green Bank has more than a decade of experience with solar PV generation metering systems and tracking platforms. The actual incidence of non-reporting is, at any one time, less than 1% based on information collected by the Green Bank's Residential Solar Investment Program. And as with estimates of production of electricity for the SHREC Systems, overall "System Availability" for Tranche 3 has been analyzed by the independent engineer and factored into the cash flows.*

### **Manufacturer Warranties**

Manufacturer warranties for inverters generally range from 10 to 20 years, and manufacturer warranties for workmanship of solar photovoltaic panels generally are 10 years. Manufacturer linear performance warranties for solar photovoltaic panel production generally are 25 years. Some manufacturer warranties may therefore expire before the final Stated Maturity Date of the Series 2020 Bonds. In addition, during the term of these warranties, the third-party manufacturers could cease operations and no longer honor these warranties, which could negatively affect the performance of the PV system.

***Green Bank context:** The Green Bank has no experience with solar PV systems that fail 100%. More typically, the problem will be a failed panel or a portion of the wiring of the system. All systems are energized to the grid under the supervision of a representative from one of the two utilities. If a certain manufacturer goes out of business, there are sufficient alternative suppliers of panel to enable a suitable replacement to be sourced for the needed repair.*

### **Impact of Tariffs on Solar Panels and Cells**

Solar panels and solar modules were included among the imports on which the United States imposed substantial tariffs in 2018. As of the date of this Official Statement, the tariff is 20% in 2020 and is scheduled to decline to 15% in 2021. The tariff does not apply to the first 2.5 gigawatts of imported solar cells. The tariff covers both imported solar cells, a key input to manufacturing solar panels, and solar modules, otherwise known as solar panels. A prohibitively high cost of replacement solar panels would make it less likely that homeowners or third party lessors of home solar systems would repair a system that fails because of faulty or nonfunctional solar panels before the final Stated Maturity Date of the Series 2020 Bonds. This reduction in functioning systems would potentially reduce the payments due to the Green Bank under the Master Purchase Agreements and would impair the Green Bank's ability to pay the principal and interest on the Series 2020 Bonds.

**Green Bank context:** Solar PV panels represent a small portion of the cost of a solar PV system. Panels are rated by kw output and will typically range from 250-300kw. Pricing is represented in “cents per watt” and generally ranges – inclusive of the tariff – of between 45 and 50 cents. As such, repairing a panel should it fail, represents a small investment (~\$125-\$150 plus labor to swap the bad panel(s) for the replacements) and in the Green Bank’s experience, repairs are easy to manage. As such, the Green Bank does not consider this a material risk in practice.

### **Impact of Natural Disasters, Weather Events, Man-Made Disasters**

The occurrence of natural disasters, including hurricanes, floods, earthquakes, tornadoes, fires, explosions, pandemic disease and man-made disasters, including acts of terrorism and military actions, could adversely affect the functioning of any one or more of the SHREC Systems, the NEPOOL GIS, the Utilities’ ability to make the requisite payments under the Master Purchase Agreements, and the Green Bank’s ability to pay the principal and interest on the Series 2020 Bonds.

**Green Bank context:** As noted, the Green Bank has more than a decade of experience with solar PV generation systems being responsible for the Residential Solar Investment Program. During this span of time, there have been considerable natural disasters, including hurricanes as powerful as Superstorm Sandy, ice storms, etc. There has yet to be an event that has resulted in any material or sustained loss of solar PV generation from the systems in the program. As for NEPOOL GIS, APX Inc. is the administrative operator of the GIS platform and under the contractual agreement with NEPOOL has service level agreements for data security, data redundancy disaster recovery and business continuity which gives assurance for the functioning of the GIS platform.

### **The Expected Source of the Repayment is the Potential Stream of Payments Made Under the Master Purchase Agreements**

The periodic payments of principal and interest due on the Series 2020 Bonds rely primarily on the payments made under the Master Purchase Agreements by the Utilities to the Green Bank in respect of SHRECs transferred to the Utilities from the Green Bank via the NEPOOL GIS.

Under the Master Purchase Agreements, the Utilities are required to deliver payment for the SHRECs with respect to any SHREC Tranches exclusively to the Green Bank, and promise that the Utilities shall not sell, divert, grant, transfer or assign any such payment for SHRECs to any person other than the Green Bank during and following the relevant SHREC Tranche Delivery Term. The transfer of SHRECs occurs via the NEPOOL GIS from the Green Bank’s NEPOOL GIS account to the Utilities’ NEPOOL GIS accounts. The Green Bank invoices the Utilities for the value of the SHRECs transferred via the NEPOOL GIS. The payment of the amounts due on the Series 2020 Bonds is therefore reliant upon the Utilities’ ability to pay the amounts due under the Master Purchase Agreements for the SHRECs transferred to the Utilities via NEPOOL GIS.

If an event of default occurs under the Master Purchase Agreements, the Utilities have the right to withhold payments thereunder up to the amount of its damages, terminate the Master Purchase Agreements, or suspend performance with respect to the transfer of SHRECs thereunder until such event of default is cured. Events of default under the Master Purchase Agreements include uncured breaches of representations and warranties, representations and warranties proving false,

or the bankruptcy of any party thereto (meaning that the non-defaulting party has the right to suspend payments or terminate the contract as a remedy against the defaulting party (including the bankruptcy of the defaulting party)). See the caption “THE TRUST ESTATE—The Master Purchase Agreements—*Events of Default and Remedies Under the Master Purchase Agreements*” herein. Upon an event of default under the Master Purchase Agreements one or both of the Utilities could suspend performance or terminate the related Master Purchase Agreement, in which case funds would not be made available to the Green Bank for deposit into the Revenue Fund. Such an event would adversely affect the yield of the Series 2020 Bonds.

The Green Bank is statutorily required to sell SHRECs to the Utilities at the Tranche Purchase Prices determined pursuant to the Master Purchase Agreements, as described in this Official Statement under the caption “THE TRUST ESTATE—The Master Purchase Agreements—*SHREC Tranche Purchase Price*” herein. Therefore, even if the Green Bank could obtain a better price from a third-party purchaser, the Green Bank is required to sell SHRECs to the Utilities at the applicable SHREC Tranche Purchase Price. This will limit the amount of payments available to make payments on the Series 2020 Bonds.

***Green Bank context:** The Green Bank considers these risks to be remote. The Green Bank has operating procedures in place to ensure that the data registered via the metering systems associated with the SHREC systems is properly submitted to the Connecticut Public Utilities Regulatory Authority (PURA) for approval and NEPOOL for entry into the GIS platform. These have operated without fail since the SHREC program was instituted January 1, 2015. The Green Bank is able to perform all of its obligations under the Master Purchase Agreements with the Utilities and expects to be able to continue to perform these obligations for the balance of the SHREC program. If for any reason the Green Bank were to be dissolved, the State of Connecticut would need to ensure staff or outsourced resources performed the duties now performed by the Green Bank. There exist several parties able to perform the duties of the Green Bank as the processes and procedures are straightforward. Finally, while it is true that the agreed fixed price for the Tranche limits the amount of payments available to make payments on the Bonds, revenue for repayment at the established price is sufficient for the repayment of the Bonds.*

### **The Utilities are Vulnerable to any Changes in Demand for Electricity and Gas that May Occur, and to Increases in the Levels of Doubtful Receivables, as a Result of Poor Economic Conditions**

The Utilities may be subject to working capital risks due to delays or defaults in payment by their customers, which may restrict their ability make payments when due. Any defaults or delays by the Utilities’ customers in meeting their payment obligations to the Utilities may have a material adverse effect on the Utilities’ financial condition and results of operations and ability to meet their payment obligations.

The Utilities are public utilities providing electricity generation, gas supply and electricity and gas transmission services primarily to New England customers. As a result, the Utilities’ results of operations are substantially affected by regional economic conditions, which in turn can be affected by developments including, but not limited to:

- macroeconomic events, including external economic shocks;
- a decline in Connecticut’s and the New England region’s gross domestic product;



- the imposition of new or additional tariffs or sanctions involving trading partners;
- a decrease in investment in the New England region;
- increasing levels of unemployment;
- governmental budget deficits or other fiscal difficulties; and
- adverse demographic changes.

No assurance can be given that the Utilities' business, financial condition, cash flows, results of operations or prospects will not be affected by such events, now or in the future.

**Green Bank context:** *While it is true that no assurance can be given that the Utilities' business, financial condition, cash flows, results of operations or prospects will not be affected by the enumerated events, the Utilities are (a) both investment grade enterprises and (b) utilities that have been assigned a designated service area by PURA and entitled to earn a regulated rate of return and, for the SHREC program and other programs operated by the utilities for the benefit of ratepayers, full cost recovery. Accordingly, the Green Bank considers these risks as they might impact repayment of the Bonds to be remote.*

### **Risks Related to Green Bank's financing of SHRECs not within SHREC Tranche 3**

SHREC Tranche 1, SHREC Tranche 2 and the revenues derived therefrom are pledged to the repayment of the Series 2019-1 Bonds. In addition, additional SHRECs not included within SHREC Tranche 1, SHREC Tranche 2 or SHREC Tranche 3 have been, and will be, financed through, and will secure, secured credit facilities or future securitizations. The Series 2019-1 Notes and any such secured credit facilities or securitizations may be secured by, among other things, (i) SHREC receivables generated by SHRECs other than the SHRECs within SHREC Tranche 3 pursuant to the Master Purchase Agreements, (ii) the Green Bank's rights under the Master Purchase Agreements with respect to SHRECs other than the SHRECs within SHREC Tranche 3, and (iii) all proceeds of the foregoing. Although all rights of Green Bank under the Master Purchase Agreements relating to the SHRECs within SHREC Tranche 3 are being pledged by the Green Bank to the Trustee, a secured lender with respect to a different SHREC Tranche may try to assert certain claims in respect of such rights, in which case payments on the Series 2020 Bonds could be delayed.

**Green Bank context:** *While there can be no assurance that a secured lender with respect to a different SHREC Tranche may try to assert certain claims in respect of the rights of the holders of the Bonds, the Green Bank would maintain its obligation to ensure that the Special Capital Reserve Fund is fully funded and that no deficiency of payment is experienced by the holders of the Bonds during the pendency of legal action necessary to restore the flow of cash proceeds from the Utilities to the accounts pledged under the bond structure.*

### **The Potential Effects of Litigation on the Transaction Parties**

If the Green Bank is subject to litigation, arbitration, or other disputes, this may adversely affect its ability to perform its obligations under the transaction documents, even if such litigation is not related to the Trust Estate or the SHRECs. This could result in a delay or reduction of payments on the Series 2020 Bonds. We cannot assure you as to the effect any such litigation may have on payments in respect of the Trust Estate or the Series 2020 Bonds. Any adverse determination in such matters may adversely affect the Green Bank's financial condition and, in turn, the Green Bank's ability to remove any Ineligible SHRECs or to manage the SHRECs. Finally, in the event that any employees of the transaction parties are, or become subject to, litigation, arbitration or other disputes, this could distract such employees and may adversely affect their ability to perform their professional obligations.

***Green Bank context:** While there can be no assurance that there wouldn't be such litigation or risks, etc., the Green Bank has adequate insurance and adequate financial resources to manage such risks and is not and has not been the subject of any lawsuit where the outcome of such lawsuit, if determined against the Green Bank, would impair the Green Bank's ability to service the Bonds.*

### **Exemption from Connecticut Personal Property Taxes May Not Be Available to Third Party System Owners**

Section 12-81(57)(A) of the Connecticut General Statutes provides that the SHREC Systems constitute personal property that shall be exempt from Connecticut's personal property tax. Certain municipalities in Connecticut have denied the exemption from personal property tax for SHREC Systems that are owned by third parties ("TPOs") and leased to the homeowners. The TPOs and the Green Bank have appealed this denial to the Superior Court in Connecticut and are currently seeking a legislative clarification of the applicability of the property tax exemption to both TPOs and homeowners that own SHREC Systems. If the exemption is not upheld for both TPOs and homeowners, the economics of the underlying leases and the power purchase agreements between the homeowners and the TPOs would be negatively impacted. In addition, as one of the TPOs is an indirect subsidiary of the Green Bank, an adverse determination in any of the pending cases may adversely affect the Green Bank's financial condition and, in turn, the Green Bank's ability to pay for and release any Ineligible SHRECs or the Green Bank's ability to manage the SHRECs or both.

***Green Bank context:** Although the matter cited could have an adverse effect on power purchase agreement economics, it is far from certain that the impact would materially impact the value proposition with the host customers. The Green Bank is optimistic that the TPOs and the Green bank will achieve the desired legislative clarification and the parties will reach a fair settlement concerning previous taxes paid to the subject municipalities.*



# Memo

**To:** Connecticut Green Bank Audit, Compliance and Governance Committee [and Board of Directors](#)

**From:** Bryan Garcia (President and CEO) and Eric Shrago (Managing Director of Operations)

**CC:** Senior Staff of the Green Bank

**Date:** March 6, 2020 [and March 18, 2020](#)

**Re:** Proposed Green Bond Framework

## Background

The Green Bank has previously issued green bonds. The first two issuances were not certified/verified as “Green” by a third party but the third issuance, our SHREC offering from 2019 was certified by Kestrel Verifiers as compliant with the Climate Bonds Initiative (CBI) standards.

## Green Bond Framework

The Green Bank intends to make bond issuance a greater part of our capitalization strategy and is preparing a Master Trust Indenture. The Green Bond Framework is a document that creates the organization’s plan in terms of how the organization will seek to label, certify, and verify bonds as “green” in the future. It creates a plan of what external standards will be used for future issuance, impact reporting, and external assurance. By implementing this framework, the Green Bank will be able to more efficiently (from both a cost and time perspective) certify future issuances as “green.”

## Resolution

**WHEREAS,** The Connecticut Green Bank seeks to provide transparency to the general public and set the standard in impact assessment;

**WHEREAS,** The Connecticut Green Bank intends to issue bonds with greater frequency and wishes to do so more efficiently; [and](#)

[WHEREAS, the Audit, Compliance and Governance Committee reviewed on March 11, 2020 and recommends the Green Bond Framework to the Board of Directors for approval.](#)

**RESOLVED,** that the Board of Directors [approves](#) the proposed Green Bond Framework.

**Deleted:** the Audit, Compliance and Governance Committee hereby recommends to ...

**Deleted:** for approval on its consent agenda

**Deleted:** Second. Discussion. Vote



# Green Bond Framework

April 22, 2020

# Table of Contents

<b>1. Overview</b>	3
<b>2. Introduction</b>	4
<b>3. Goals of the Green Bond Issuance</b>	7
<b>4. Green Bond Framework</b>	8
<b>4.1 Use of Proceeds</b>	8
4.1.1 <i>Eligibility Criteria</i>	8
4.1.2 <i>Process for Project Evaluation and Selection Process</i>	9
4.1.3 <i>Management of Proceeds</i>	9
<b>4.2 Reporting</b>	10
4.2.1 <i>Allocation Reporting</i>	10
4.2.2 <i>Impact Reporting</i>	10
<b>4.3 Assurance</b>	10
<b>5. Appendix A – Organizations Using a Programmatic Approach to Green Bond Certification</b>	11
<b>6. Appendix B – Connecticut Green Bank Statutory Definition of “Clean Energy”</b>	11
<b>7. Appendix C – Existing Programs</b>	12
<b>8. Appendix D – Key Performance Indicators</b>	13
<b>9. Appendix E – Green Bond Framework Second Party Opinion</b>	14

# 1. Overview

The Green Bond Framework (“Framework”) sets out how the Connecticut Green Bank (“Green Bank”) proposes to use its Master Trust Indenture (“MTI”) in a manner consistent with its purpose and provide the transparency and disclosures investors require to make investment decisions through green bonds. This Framework is specifically intended for the MTI approved and adopted April 22, 2020, which establishes the purposes for which the Green Bank may issue green bonds or other public debt.

In order to be more efficient with green bond certification, the Green Bank proposes to use a programmatic structure versus an individual certification process – see Figure 1 and 2.<sup>1</sup>

Figure 1. Programmatic Green Bond Certification Process

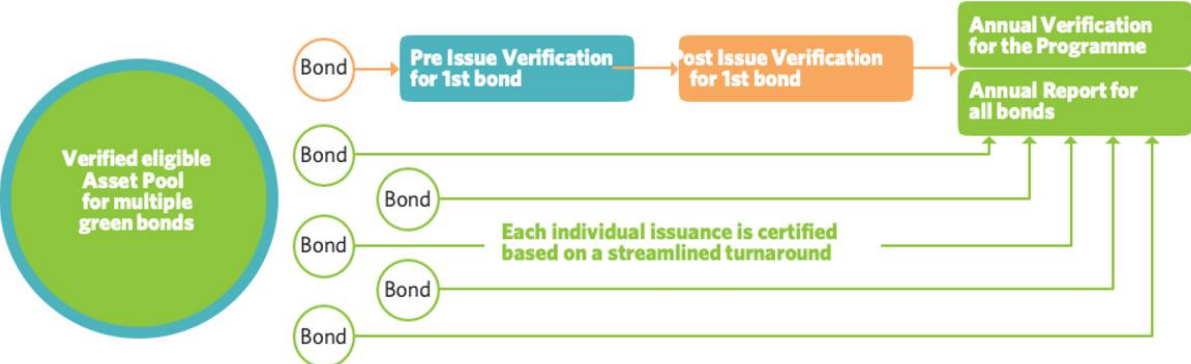
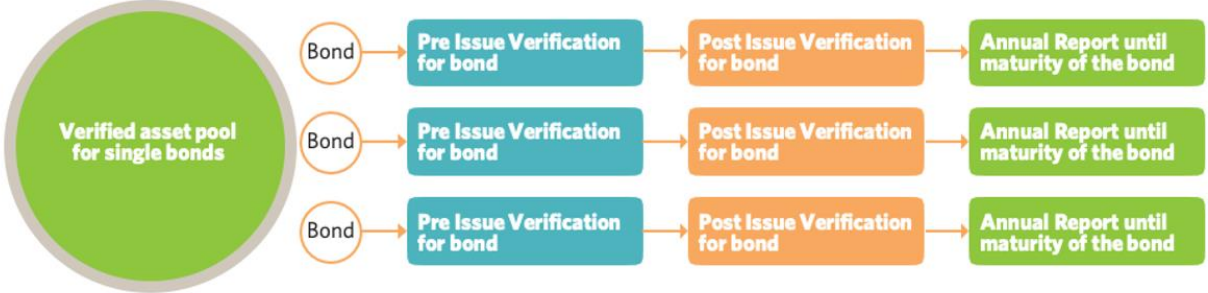


Figure 2. Basic Certification Process for Individual Green Bond Issuances



There are a number of public entities that have used a programmatic approach to green bond certification – see Appendix A.

Since the mission of the Green Bank is consistent with the principles of investing in solutions to climate change and sustainability, each issuance of green bonds by the Green Bank would be programmatically certified based on a streamlined turnaround, which would require annual verification for the programs as well as an annual report for all of the green bonds issued.

<sup>1</sup> Green Bond certification routes as noted by the Climate Bonds Initiative

The Framework is established in accordance with the Climate Bonds Initiative (CBI) Standard and adheres to the Green Bond Principles issued by the International Capital Market Association.

## 2. Introduction

The Green Bank was established by the Governor and Connecticut's General Assembly on July 1, 2011 through Public Act 11-80 as a quasi-public agency that supersedes the former Connecticut Clean Energy Fund<sup>2</sup>. As the nation's first state green bank, the Connecticut Green Bank leverages public and private funds to drive investment and scale-up clean energy<sup>3</sup> deployment in Connecticut.

The Green Bank supports the Governor's and Legislature's energy strategy to achieve cleaner, affordable, and more reliable sources of energy while creating jobs and supporting local economic development. The Green Bank aims to create a thriving marketplace to accelerate green energy adoption in Connecticut by making green energy financing accessible and affordable for homeowners, businesses and institutions.

The Green Bank has become a model for other states, counties, cities, and even countries—that are seeking to use public resources in a smarter way to attract more private capital investment in the acceleration and deployment of clean energy. From its inception in 2011, the Green Bank has mobilized over \$1.7 billion of public and private capital in clean energy deployment in Connecticut<sup>4</sup>.

The Green Bank's programs and investments have a significant impact for the state of Connecticut and society as a whole. The Green Bank has established an [Evaluation Framework](#) to assess performance and impacts. Within the Evaluation Framework, there is an objective to provide an assessment, monitoring and reporting mechanism to support the issuance of green bonds that provide increased capitalization to the Green Bank for clean energy investment. This Evaluation Framework has been reviewed by the organization's Audit, Compliance, and Governance Committee and approved by the Board of Directors.

Associated with the Evaluation Framework are specific [supporting impact methodologies](#) that define how the organization will quantify its impact in specific areas. Each methodology has been developed with guidance from experts in the relevant fields and officials from Connecticut state government. Methodologies are reviewed by the Green Bank Audit, Compliance, and Governance Committee and are approved by the Board of Directors.

At present the Green Bank has the following methodologies approved or under development that reasonably estimate the environmental and social impact resulting from investment in and deployment of clean energy supported by the Green Bank:

- **Environmental (Air Quality) Impact** – assessed by the Connecticut Department of Energy and Environmental Protection ("DEEP"), the Green Bank uses the US Environmental Protection Agency ("EPA")'s Avoided Emissions and Generation Tool

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<sup>2</sup> Public Act 11-80 repurposed the Connecticut Clean Energy Fund (CCEF) administered by Connecticut Innovations, into a separate quasi-public organization called the Clean Energy Finance and Investment Authority (CEFIA). Per Public Act 14-94, CEFIA was renamed to the Connecticut Green Bank.

<sup>3</sup> Clean energy is defined in CGS 16-245n.

<sup>4</sup> Green Bank Comprehensive Annual Financial Report 2019

(AVERT), which is a model that estimates the changes in air quality associated with clean energy projects in terms of Carbon Dioxide, Sulfur Dioxide, Nitrogen Oxides and Particulate Matter. The Green Bank also has adopted the EPA's environmental equivalency calculator as a way to make these impacts more relatable.

- **Health Impact** – assessed by the Connecticut Department of Public Health (“DPH”) and DEEP, the Green Bank uses the EPA’s CoBenefit Risk Assessment (CoBRA) model that estimates the economic value of improved health outcomes associated with improved air quality resulting from clean energy deployment.
- **Jobs Created** – assessed by the Connecticut Department of Economic and Community Development (“DECD”), working with Navigant Consulting, the Green Bank uses a model that estimates the number of direct, indirect, and induced job-years created per \$1 million dollars of investment in each clean energy technology supported by the Green Bank.
- **Tax Revenue Generated** – assessed by the Connecticut Department of Revenue Services (“DRS”), working with Navigant Consulting, the Green Bank uses a model that estimates tax revenue generated for the State of Connecticut from sales, personal, and corporate income taxes associated with Green Bank supported projects.
- **Community Reinvestment Act Compliance (under development)** – being assessed by the Connecticut Department of Banking (“DoB”), the Green Bank expects to implement a methodology that qualifies its public-private partnership investments in clean energy projects that are eligible towards Community Reinvestment Act (“CRA”) requirements for investments in underserved communities (e.g., low-to-moderate income families, small businesses, etc.).
- **Equity (under development)** – being assessed by the Connecticut Commission on Human Rights and Opportunities (“CHRO”), the Green Bank expects to implement a methodology that evaluates the reach of the Green Bank’s programs in underserved communities (e.g., low-to-moderate income families, communities of color, etc.).
- **Energy Burden (under development)** – the Green Bank expects to implement a methodology that estimates the economic relief from energy expenses that is provided to families and businesses that reduce the burden of energy costs, including the affordability gap, by investing in and deploying clean energy.

The Green Bank’s efforts to increase investment in and deployment of clean energy projects – which result in increased benefits to Connecticut and all of society – can also be looked at through the lens of the United Nation’s Sustainable Development Goals (“UNSDG”)⁵ – see Figure 3.

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⁵ Green Bank Comprehensive Plan – Green Bonds US



Figure 3. Green Bank Impact Metrics from the Perspective of the UNSDG



Progress against these goals also advances society towards the vision of the Connecticut Green Bank – “...a world empowered by the renewable energy of community.”

In honor of the 50<sup>th</sup> anniversary of Earth Day in the United States, the Green Bank is creating the Green Liberty Bond.<sup>6</sup> The Green Liberty Bond is a specific class of green bond with the following characteristics:

1. **Confront Climate Change** – proceeds raised from the issuance of green bonds go towards confronting climate change by acknowledging the need to increase capital flows for mitigation and adaptation projects as recognized by the Paris Agreement;
2. **Democratize Public Finance** – denominations for green bonds are to be no more than \$1,000 in order to attract individual retail investors, who can invest alongside institutional investors in confronting climate change through the purchase of green bonds; and
3. **Third-Party Certification** – the green bonds are independently certified by a third-party as a form of consumer protection for individual retail investors seeking to confront climate change through their green bond investments.

The Green Bond Framework provides a structure in which the Green Bank can more efficiently and effectively support its efforts to raise capital and deploy more clean energy through the issuance of green bonds.

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<sup>6</sup> <https://cleanenergyfinanceforum.com/2020/02/18/connecticut-green-banks-green-liberty-bonds-aim-at-retail-climate-finance>

### 3. Goals of the Green Bond Issuance

Connecticut has been at the forefront of state-level efforts to combat the threat of global climate change. Created as the successor to the Connecticut Clean Energy Fund, the Green Bank has increased annual investment on a per capita basis by a factor of 10 – from \$8 in 2011 (i.e., \$30 million) to \$80 in 2019 (i.e., \$300 million) –and is now a recognized leader in Green Finance.

Now the Green Bank is prepared to increase annual clean energy investment by another factor of 10—to \$800 per person—which is the level needed to hold off the worst effects of climate change as identified by the United Nations.<sup>7</sup>

Working to advance its mission to “confront climate change and provide all of society a healthier and more prosperous future by increasing and accelerating the flow of private capital into markets that energize the green economy,” the Green Bank will continue its work through the following goals:

- Leverage limited public resources to scale-up and mobilize private capital investment in the green economy of Connecticut;
- Strengthen Connecticut’s communities by making the benefits of the green economy inclusive and accessible to all individuals, families, and businesses; and
- Pursue investment strategies that advance market transformation in green investing while supporting the organization’s pursuit of financial sustainability.

These support implementation of Connecticut’s clean energy policies be they statutory (e.g., CGS 16-245ff), planning (i.e., Comprehensive Energy Strategy, Integrated Resources Plan), or regulatory (e.g., Docket No. 17-12-03) in nature.

This is also in line with the Green Bank’s enabling statute<sup>8</sup> which empowers the organization to:

- Develop programs to finance and otherwise support clean energy investment in residential, municipal, small business and larger commercial projects and such other programs as the Green Bank may determine;
- Support financing or other expenditures that promote investment in clean energy sources to foster the growth, development and commercialization of clean energy sources and related enterprises; and
- Stimulate demand for clean energy and the deployment of clean energy sources within the state that serves end-use customers in the state.

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<sup>7</sup> “Financing Sustainable Development: Moving from Momentum to Transformation in a time of Turmoil” by the UNEP (September 2016).

<sup>8</sup> CGS 16-245n

In order to increase investment by the necessary factor of 10, the Green Bank will use its statutory authority (i.e., CGS 16-245kk) to issue bonds, including Green Bonds. These are key to sourcing capital for clean energy projects and providing a way for all residents, businesses, and institutions of Connecticut to invest in growing our green economy.

## 4. Green Bond Framework

The Framework is established in accordance with the Climate Bonds Initiative (CBI) Standard and adheres to the Green Bond Principles issued by the International Capital Market Association. Both the CBI Standard and the Green Bond Principles focus on these four pillars: Use of Proceeds, Process for Project Evaluation and Selection, Management of Proceeds, and Reporting.

### 4.1 Use of Proceeds

#### 4.1.1 Eligibility Criteria

By statute, the Green Bank may invest in projects and programs that further the deployment of generation of clean energy.<sup>9</sup> The Green Bank recognizes that there are different standards for green bond verification and will use the following criteria to evaluate eligibility for green bond designations.

The Green Bank will always seek to apply the CBI standards to its bonds and will use the Green Bond Principles where either CBI methodology has yet to be developed or does not cover that particular activity. The Green Bank staff actively monitor developments of new CBI standards and Green Bond principles in order to keep up to date with which standard should be applied.

Based on the existing mission of the Green Bank and the standards available at this time, the Green Bank will use the following methodology for the below activities – see Table 1:

**Table 1. Primary Methodology for Green Certification Given Activity and Technology**

Activity	Technology	Primary Methodology for Green Certification
Generation	Solar	CBI Standard
	Wind	CBI Standard
	Geothermal Generation	CBI Standard
	Biomass Facilities	Green Bond Principles
	Hydropower	Green Bond Principles
	Landfill Gas Capture	Green Bond Principles
	Anaerobic Digestors	Green Bond Principles
	Wave or Tidal Power	Green Bond Principles
	Ocean Thermal Power	Green Bond Principles
Energy Efficiency	New Buildings	CBI Standard
	Commercial Building Upgrades	CBI Standard
	Commercial Building Retrofits	CBI Standard
	Residential Retrofits	Green Bond Principles
	Electric and Hydrogen Vehicles	CBI Standard

<sup>9</sup> CGS 16-245n

Alternative Fueled Vehicles	Alternative Fuel and Charging Infrastructure	CBI Standard
	Other Alternative Fueled Vehicles	Green Bond Principles

If the Green Bank can not apply the CBI Standard for any reason to an issuance, it will seek to apply the Green Bond Principles as the method of certifying that issuance as “Green.” The Green Bank also reserves the right to apply additional certifications to its issuances (e.g., social bonds, sustainability bonds, etc.).

This list of project types is fully aligned with the Green Bank’s stated vision, mission, and goals as outlined in its Comprehensive Plan – Green Bonds US. The Green Bank will finance projects that align with the Comprehensive Plan and those that align with the statutory definition of clean energy (see Appendix B).

*4.1.2 Process for Project Evaluation and Selection Process*

The Green Bank plans to finance existing programs with green bonds including Certified Climate Bonds. The Green Bank’s programs are centered around the deployment of clean energy offered to homeowners, businesses, and institutions through its contractor and capital provider partners. These programs are implemented through a variety of structures shown in Appendix C.

The Green Bank utilizes a robust and transparent planning process that identifies market needs and tailors programming to address those needs. Per the organization’s bylaws, the Green Bank programs are reviewed and approved by the organization’s Deployment Committee and approved by its Board of Directors. Each year, staff of the Green Bank recommend program targets that are reviewed by the Budget and Operations Committee and approved by the Board of Directors. While the Board has authorized staff to approve investments up to a certain threshold (i.e., up to \$500,000 per transaction, but no more in aggregate than \$1,000,000 in between Deployment Committee meetings) for projects that are within specific approved programs and budget, the Deployment Committee (i.e., transactions between \$500,000 to \$2,500,000) or the Board of Directors (i.e., beyond the Deployment Committee, transactions greater than \$500,000) reviews and approves projects and programs. In this way, the Board of Directors ultimately approves all projects that are not part of a program or are above staff or Deployment Committee thresholds. All green bond issuances must be approved by the Board of Directors.

*4.1.3 Management of Proceeds*

Proceeds from green bonds issued under the MTI or a separate financing indenture, will be earmarked for the Green Bank’s investments into the eligible project types listed. Funds will be either deployed after issuance or refinance Green Bank balance sheet capital that was previously used to finance eligible project types, in order to achieve a timely green impact. The Green Bank will maintain a set of internal procedures for the management of proceeds to ensure that proceeds from various green bond issuances can only be used for green projects, as described in the MTI. Ensuring that the proceeds from a green bond issuance are used according to established procedures will be the responsibility of the Operation’s Department of the Green Bank.

The green bond proceeds will be held in the appropriate fund within the respective indenture structure and used exclusively to fund Green Bank eligible programs and projects or refinance eligible green projects, funded by other means. Green bond proceeds may also be used to pay the cost of issuance and underwriter's fees, as well as other administrative costs for such programs and projects. These costs will be specifically delineated in closing documents within the respective financing indentures.

## **4.2 Reporting**

### *4.2.1 Allocation Reporting*

#### New Projects:

Connecticut Green Bank will produce a voluntary annual report within its Comprehensive Annual Financial Report, detailing how the green bond proceeds were used to finance existing programs that meet the eligibility criteria of this framework. When necessary, an Approved Verifier will produce an annual program report meeting the Climate Bonds Standard and covering third party verification of program allocations and impacts.

#### Refunded Projects:

In the future, green bond proceeds may be used to refund prior debt financing of eligible projects. The Comprehensive Annual Financial Report following such future issuance will include the relevant details of the selected projects that were financed by the initial issuance.

### *4.2.2 Impact Reporting*

The Green Bank presents impact data from both these tools in a Comprehensive Annual Financial Report which is produced at the end of each Fiscal Year. Furthermore, the Green Bank commits to provide reporting on specific key performance indicators (KPIs), which are shown in Appendix D.

## **4.3 Assurance**

The Green Bank will seek a Second Party Opinion on the MTI Green Bond Framework from a Climate Bonds Initiative Approved Verifier. The Green Bank plans to follow a programmatic approach to green bond issuance following this Green Bond Framework.

A programmatic approach allows the Green Bank to issue green bonds based off of the Framework Second Party Opinion – see Appendix E. Furthermore, for Certified Climate Bonds, the Green Bank may issue certified bonds without pre-issuance verifier engagement for issuances that align with the Eligibility Criteria. This streamlined process will allow the Green Bank to issue a higher volume of bonds while consolidating Post-Issuance Reports into its single Comprehensive Annual Financial Report as required by the Climate Bonds Initiative.

## 5. Appendix A – Organizations Using a Programmatic Approach to Green Bond Certification

The following organizations are using a programmatic approach to green bond certification – see Table 2.

Table 2. Climate Bonds initiative Programmatic Issuers

Issuer	Sector	Country	\$MM USD Equivalent	Number of Issues
Investa	Buildings	Australia	Confidential	-
National Australia Bank (NAB)	Multiple Sectors	Australia	2,010	4
Queensland Treasury Corp	Multiple Sectors	Australia	1,464	2
TCorp (New South Wales)	Multiple Sectors	Australia	1,300	1
Westpac	Multiple Sectors	Australia	1,090	4
Commonwealth Bank of Australia	Multiple Sectors	Australia	492	1
Société du Grand Paris (SGP)	Transport	France	8,398	9
SNCF Réseau	Transport	France	6,301	7
Landesbank Baden Württemberg (LBBW)	Buildings	Germany	1,465	2
Volkswagen Immobilien	Buildings	Germany	193	2
Japan Railway Construction (JRJT)	Transport	Japan	1,393	4
Contact Energy Ltd.	Geothermal	New Zealand	1,475	multiple
DNB Boligkreditt AS	Buildings	Norway	2,844	2
PKO Bank Hipoteczny	Buildings	Poland	130	2
Russia Railways	Transport	Russia	585	1
NY Housing Finance Agency (HFA)	Buildings	US	1,663	17
NY Metropolitan Transport Authority (MTA)	Transport	US	7,888	13
Bay Area Rapid Transit (BART)	Transport	US	1,213	5
City and County of San Francisco	Transport	US	328	2
SF Public Utilities Commission (SFPUC)	Water	US	2,035	6

## 6. Appendix B – Connecticut Green Bank Statutory Definition of “Clean Energy”

Per CGS 16-245n, the definition of “clean energy” is solar photovoltaic energy, solar thermal, geothermal energy, wind, ocean thermal energy, wave or tidal energy, fuel cells, landfill gas, hydropower that meets the low-impact standards of the Low-Impact Hydropower Institute, hydrogen production and hydrogen conversion technologies, low emission advanced biomass conversion technologies, alternative fuels, used for electricity generation including ethanol, biodiesel or other fuel produced in Connecticut and derived from agricultural produce, food waste or waste vegetable oil, provided the Commissioner of Energy and Environmental Protection determines that such fuels provide net reductions in greenhouse gas emissions and fossil fuel consumption, usable electricity from combined heat and power systems with waste heat recovery systems, thermal storage systems, other energy resources and emerging

technologies which have significant potential for commercialization and which do not involve the combustion of coal, petroleum or petroleum products, municipal solid waste or nuclear fission, financing of energy efficiency projects, projects that seek to deploy electric, electric hybrid, natural gas or alternative fuel vehicles and associated infrastructure, any related storage, distribution, manufacturing technologies or facilities and any Class I renewable energy source, as defined in section 16-1.

## 7. Appendix C – Existing Programs

The following is a listing and brief description of the Green Bank programs – see Table 3.

Table 3. Existing Green Bank Programs

Program	Program Description
Commercial Property Assessed Clean Energy (“C-PACE”)	An innovative financing program that lets commercial and industrial property owners pay for clean energy improvements over time through a voluntary benefit assessment on their property tax bill.
Multifamily Energy Financing Programs	<p>A number of programs are offered by the Green Bank to help developers and owners of multifamily housing.</p> <ul style="list-style-type: none"> <li>▪ Navigator Pre-Development Energy Loan funds 75% of eligible energy-related pre-development expenses</li> <li>▪ Low Income Multifamily Energy (LIME) Loan funds energy improvement projects for low- and moderate-income properties.</li> <li>▪ Solar power purchase agreement (PPA) allows residents to deploy solar PV systems with no money down through a third-party owned and maintained system.</li> <li>▪ EnergizeCT Health &amp; Safety Revolving Loan Fund provides low interest loans that allow owners of multifamily housing serving low income residents to make health and safety improvements</li> </ul>
PosiGen Solar + Energy Efficiency	An innovative financing approach that offers low-to-moderate income single-family homeowners a solar lease that also combines money-saving energy efficiency measures. The program takes away the concern of being turned down based on credit profile, making solar more affordable for all.
Residential Solar Investment Program (“RSIP”) and Solar Home Renewable Energy Credit (“SHREC”)	<p>An Incentive program for single-family homeowners that deploy solar PV systems on their property. RSIP offers two incentives:</p> <ul style="list-style-type: none"> <li>▪ Expected Performance-Based Buydown incentive (EPPB): an upfront rebate available to homeowners who purchase a PV system from contractor.</li> <li>▪ Performance-Based Incentive (PBI): a performance-based incentive paid out quarterly over a 6-year period that allows homeowners to benefit from solar PV systems for little to no upfront cost.</li> </ul>

	Costs to administer the RSIP are recovered through the sale of SHRECs.
Smart-E Loan	A low-interest long-term loan financing program offered through participating community banks and credit unions to help homeowners upgrade their home’s energy performance (e.g., insulation, windows, efficient HVAC, solar PV, etc.), including health and safety (e.g., asbestos removal, lead abatement, etc.) with no money down.
Small Business Energy Advantage (“SBEA”)	A zero-interest on-bill repayment program offered through the electric utilities to participating small businesses, including municipal and state governments, providing financing for energy efficiency improvements.
Solar Power Purchase Agreement (“PPA”)	An innovative financing program that enables commercial and industrial property owners, including state and municipal facilities, to deploy solar using a PPA.

## 8. Appendix D – Key Performance Indicators

The Green Bank reports on a number of impact metrics relevant to the various sectors in its Comprehensive Annual Financial Report – see Table 4.

Table 4. Example of Impact Metrics Captured by the Green Bank in the Comprehensive Annual Financial Report

Sector	Metrics
Renewable Energy	<ul style="list-style-type: none"> <li>▪ Total capacity installed in MW</li> <li>▪ GHG emissions avoided per year based on this capacity</li> <li>▪ Where possible – actual MWh of generation achieved</li> </ul>
Clean Transportation	<ul style="list-style-type: none"> <li>▪ Estimated vehicle miles travelled</li> </ul>
Green Buildings and Energy Efficiency	<ul style="list-style-type: none"> <li>▪ Estimated MWh and/or MMBtu saved / reduced per year</li> </ul>
Financial	<ul style="list-style-type: none"> <li>▪ Total capital deployed</li> </ul>



## **9. Appendix E – Green Bond Framework Second Party Opinion**

[Following the approval of the Board of Directors, a letter from Kestrel Verifiers will be included here.]

# Memo

**To:** Board of Directors, Connecticut Green Bank

**From:** Louise Della Pesca, Associate Director, Clean Energy Finance; Desiree Miller, Senior Manager, Clean Energy Finance; Fiona Stewart, Manager, Clean Energy Finance; Mariana Cardenas Trief, Principal, Monte Verde Consulting LLC

**CC:** Bryan Garcia, President and CEO; Bert Hunter, EVP and CIO; Brian Farnen, General Counsel and CLO

**Date:** March 18, 2020

**Re:** Financing for a Senior Secured Term Loan to Special Purpose Vehicle owned by Skyview Ventures LLC in an amount not to exceed \$2.3M

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## Investment Summary

This credit memorandum sets out the rationale for advancing a senior secured loan facility (“Term Loan”) in an amount not to exceed \$2.3M to a Special Purpose Vehicle (“SPV” or “Borrower”) wholly owned by Skyview Ventures, LLC (“Skyview”). The proceeds of the Term Loan are being used to refinance a portion of Skyview’s development capital in commercial solar assets in Connecticut. Once this portion of development capital is refinanced with the Term Loan, Skyview will be able to use the proceeds from the refinancing to develop additional commercial solar assets in Connecticut. A summary of terms is provided in Appendix A. The interest rate on the Term Loan is [REDACTED] over a [REDACTED] year term, with arrangement fees of [REDACTED] due on closing. A first priority lien on the SPV’s assets, which comprise up to 20 operational commercial solar PPA projects (each “a Project” and, collectively, “Projects”) with municipal off-takers in Connecticut, will secure the Term Loan. A sculpted amortization schedule ensures that the forecast debt service coverage ratio (“DSCR”) is [REDACTED] throughout the term. The lender is CEFIA Holdings, LLC (“Holdings” or “Lender”), Connecticut Green Bank’s (“Green Bank”) commercial solar development subsidiary, and the borrower is a SPV owned by Skyview, a Connecticut solar developer founded in 2008 with over 130 commercial solar assets (over [REDACTED] capacity) under management.

By advancing a Term Loan that is secured by assets that are very familiar to Green Bank, which itself has 20 MW of commercial solar assets under management, Holdings is operating within an acceptable risk tolerance to access long term interest income, thereby contributing to the organization’s wider financial sustainability goals. In addition, Green Bank is fulfilling its role of promoting clean energy deployment by addressing a gap in the market due to

transaction costs associated with financing these ‘smaller portfolios’ as further described below.

## Background

As part of Green Bank’s commercial solar power purchase agreement (“PPA”) investment program, the Green Bank Board of Directors approved \$15 M funding in July 2019 for “financing one or more 3<sup>rd</sup>-party ownership platforms, in the form of sponsor equity and/or debt” and also gave approval to “sell solar PPA projects developed by Holdings to third parties”. With that mandate, Holdings closed a transaction with Skyview in the fourth quarter of 2019 (“Q42019”) involving the sale of 6 commercial solar PPA projects and a concurrent term loan secured by the sold assets. The [REDACTED] term loan portion of the Q42019 transaction with Skyview was very similar to the investment being presented for approval by this memo: [REDACTED] interest rate, secured by a first priority lien on commercial solar assets, [REDACTED] year term, [REDACTED] DSCR. The Q42019 transaction established precedential terms, covenants, and documentation, all of which have reduced the transaction costs associated with this Term Loan.

Following the successful close of the Q42019 transaction, Skyview approached Green Bank to gauge interest in advancing a Term Loan, secured by up to 20 operational commercial solar PV assets with Connecticut municipality off-takers.

Prior to approaching Green Bank, Skyview contacted private sector banks but discovered that the transaction costs associated with accessing debt across the size of the portfolio was challenging and proved too onerous. The smooth working relationship that Green Bank had established with Skyview, the indicative quality of the assets and cashflows contemplated as security for the Term Loan, and the use of Green Bank-preferred documentation were the determining factors as staff proceeded to conduct due diligence for the transaction.

## Overview of Skyview Ventures LLC

REDACTED

## Overview of Collateral

REDACTED

Table 1 shows that the weighted average remaining term of the PPAs exceeds the term of the Term Loan (15 years), which is important because the PPA revenue provides over 50% of the revenue stream for the Projects. The weighted average remaining term of the of the ZREC contracts is less than the term of the Term Loan but, by sculpting the amortization profile of the Term Loan, the forecast DSCR will remain a healthy [REDACTED].

Staff has conducted the following due diligence on the Projects:

- Reviewed the terms of the PPAs and found them to be commensurate with market expectations of such contracts, and reviewed ZREC terms to confirm value and term

of the contracted revenue stream, in particular accounting for ZREC clipping<sup>1</sup> which reduces project revenue below what is explicitly noted in the ZREC contract but aligned with the ultimate size of the PV system.

- Reviewed interconnection agreements and utility authorization to interconnect to confirm that all Projects have permission to operate.
- Reviewed expected production figures to confirm that Projects are expected to generate revenues as outlined in a cashflow forecast model (extract at Appendix D)
- Reviewed actual generation figures for Projects in operation for more than three years to confirm production is aligned with expected production figures
- Reviewed as-built engineering drawings and / or engineering inspection reviews for each Project to confirm that the projects were constructed in accordance with their original design. This review confirmed the quality of equipment used in the Projects, to be 'Tier 1' modules, comparable to the equipment used by Holdings when developing commercial solar projects.

Appendix E summarizes the technical due diligence performed on the Projects, which resulted in no adverse findings<sup>2</sup>.

Staff has reviewed the production and payment history of the already-operational Projects for the purposes of (a) evaluating actual vs. expected performance in terms of kWh produced, and (b) confirming that the off-takers are not delinquent or slow payers on the contracts.

As described in the *Operational Risk* section of this memo, the operational Projects have been meeting production forecasts, with weather-adjusted production relative to expected production ranging from ██████████ over the past three years.

Based on the Accounts Receivable Report provided by Skyview, the off-takers have a history of making timely payments. All four of the municipal off-takers are strong, investment grade credits (AA or better). Their credit ratings, determined at the time of their most recent bond issuances, are presented in Appendix C.

## Transaction Structure

Holdings will advance a Term Loan facility to a SPV that has no other debt and its only assets are the Projects that secure the Term Loan. The SPV services the Term Loan repayments from operating income earned by up to 20 PPA Projects.

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<sup>1</sup> ZREC clipping occurs when the actual size of a solar project, once built, is smaller than originally conceived at the time the ZREC contract for the project was obtained. When a ZREC contract is obtained, the contract states the size of the project and the number of ZRECs, each year, that project is permitted to generate. If the size of the project is subsequently decreased, the number of ZRECs it is permitted to generate is decreased on a pro-rata basis.

<sup>2</sup> At the date of this memorandum, two (2) out of twenty (20) projects, which account for 7.5% of the portfolio by capacity, are subject to on-going diligence and may be excluded from the collateral pool. No loan advance will be made against a project that is excluded from the collateral pool.

REDACTED

## Risks and Mitigants

### *Operational Risk*

- Borrower's ability to service the debt repayments is dependent on how well the Projects operate, i.e., how much electricity they generate.
- 45% of the projects in the portfolio have been operational for at least three years, which means that Staff has a good dataset from which to analyze operational performance.
- Actual production of the entire portfolio was [REDACTED], compared to expected production (weather adjusted).
- For the remaining 'newer' projects in the portfolio that do not yet have operational track records, Staff performed diligence in the same manner as it does for projects developed internally to ensure production estimates are reliable. This included comparison of expected yields (kWh / kW) to similar projects within Green Bank's 20 MW, 100+ commercial solar asset portfolio.
- Further, Staff stress tested the cashflow forecast model for the transaction to ensure that, even if the portfolio performed consistently [REDACTED] production expectations, Borrower would still have adequate cash flow to repay debt service on the Term Loan (the stress tested DSCR was [REDACTED]).
- The 'break even' DSCR of [REDACTED] is reached when the entire portfolio performs at a level that is [REDACTED] forecast production, which is a scenario that staff considers unlikely to occur based on the historical performance of the Green Bank portfolio.
- Borrower is required to maintain an Operations and Maintenance ("O&M") agreement for the duration of the Term Loan. A copy of the O&M contract has been reviewed by Staff and found to be commensurate with the O&M contract that Green Bank has in place for its owned commercial solar assets.

### *Default Risk*

- Borrower is required to maintain a DSCR of [REDACTED], tested annually, for the duration of the Term. Staff has developed a cashflow forecast model that supports the ability of Borrower to maintain the DSCR given the expected revenue and operating expenses.
- Further, reserves equivalent to [REDACTED] of principal and interest payments will be funded at closing.
- If Borrower were to default on the Term Loan, Lender would be entitled to take ownership of the collateral (up to 20 PPA Projects). In this worst case downside scenario, the net present value ("NPV") of the EBITDA generated by the Projects under the remaining PPA terms is greater than the Term Loan amount, meaning the effective advance rate is less than [REDACTED]

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<sup>3</sup> NPV assumes a [REDACTED] discount rate to mirror the interest rate on the Term Loan.

- Given Green Bank's experience managing this type of asset, it has the appropriate internal expertise to manage the Projects and ensure the portfolio provides the expected cashflows.

#### *Construction Risk*

- Only one of the 20 projects has not reached commercial operation, so Lender will not take any construction risk and funds will only be advanced for that project once it reaches commercial operation.

#### Ratepayer Payback

*How much clean energy is being produced (i.e. kWh over the projects lifetime) from the project versus the dollars of ratepayer funds at risk?*

The portfolio is expected to produce 25,500,000 kWh of energy, over a 15 year period, and the Term Loan is up to \$2.3M. The kWh / \$ ratepayer funds at risk is forecast to be 11.1.

#### Capital Extended

*How much of the ratepayer and other capital that Green Bank manages is being expended on the project?*

The Term Loan will not exceed \$2.3 M.

#### Strategic Selection

This transaction falls within the parameters of a strategic selection, subject to Board approval, for the reasons outlined below.

- **Special Capabilities** – Skyview, the parent company of Borrower, has over a decade of experience in developing, owning, and operating commercial solar PV assets. Specifically, it has experience in the Connecticut market and, with its wholly owned development subsidiaries, is vertically integrated unlike its industry peers.
- **Uniqueness** – While the Term Loan is very similar to transactions previously entered into by Holdings, it differs because (a) the majority of the Projects that will secure the Term Loan are already operational, and (b) the Projects were not developed by Holdings itself;
- **Strategic Importance** – The Term Loan represents a continuation of a business relationship with a counterparty that Green Bank has successfully and smoothly transacted with in the past and is likely to transact with in future. For example, Green Bank continues to develop commercial solar PPA projects with underserved off-takers and Skyview has a track record of purchasing such projects from Green Bank and has expressed an interest in doing so in future. Further, by providing the Term Loan to Skyview, Green Bank is setting a precedent and defining a process for future similar transactions that can provide a source of investment income to support the long term sustainability of the organization;

- **Urgency and Timeliness** – Green Bank seeks to deploy capital in mission-driven transactions with appropriate levels of risk and return. This transaction meets this criteria and Skyview has expressed the need to close by March 31, 2020; and
- **Multiphase Project** - Successful execution of the Term Loan would represent a follow-on transaction from that which closed in Q42019, and will make use of the loan documentation previously agreed between parties. It is anticipated that Skyview will make further leveraged purchases of PPA projects that Holdings is developing in 2020.

## Recommendation

In conclusion, based on the diligence of the proposed Term Loan transaction meeting Green Bank underwriting criteria and in light of the resolution of the Deployment Committee at the meeting on February 27, 2020 to recommend to the Board the approval of this transaction, Staff recommends approval of this transaction by the Board of Directors.

## Resolutions

**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 (“Skyview”), and through that relationship the Green Bank has an opportunity to deploy capital for the development of clean energy in Connecticut;

**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; and

**WHEREAS**, based on diligence of Green Bank staff of the proposed senior secured loan facility (“Term Loan”) in an amount not to exceed \$2.3M to a Special Purpose Vehicle (“SPV”) wholly owned by Skyview confirming that the Term Loan transaction meets Green Bank underwriting criteria, the Green Bank Deployment Committee (the “Deployment Committee”) passed resolutions at its meeting held on February 27, 2020 to recommend to the Green Bank Board of Directors (the “Board”) the approval of the Term Loan transaction as a Strategic Selection and Award pursuant to the Green Bank Operating Procedures Section XII.

**NOW**, therefore be it:

**RESOLVED**, that the Board hereby approves the Term Loan transaction as described in the Project Qualification Memo submitted by the staff to the Board and dated March 18, 2020 (the “Memorandum”) and on terms and conditions substantially consistent with those described in 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 Term Loan transaction; and

**RESOLVED**, that the proper Green Bank officers are authorized and empowered to do all other acts and execute and deliver all other documents as they shall deem necessary and desirable to effect this Resolution.

Submitted by: Louise Della Pesca, Associate Director, Clean Energy Finance; Desiree Miller, Senior Manager, Clean Energy Finance; Fiona Stewart, Manager, Clean Energy Finance; Mariana Cardenas Trief, Principal, Monte Verde Consulting LLC.



## Appendix A: Term Sheet

**Indicative Summary of Terms and Conditions  
Skyview Ventures Special Purpose Vehicle  
Up to \$2,100,000 Senior Secured Loan Facility**

February 10, 2020

*For Discussion Purposes Only – Confidential – This is Not a Commitment*

*This Indicative Summary of Terms and Conditions or Preliminary Term Sheet describes certain of the principal terms and conditions of the proposed line of credit described below, is for discussion purposes only and is not to be construed in any way as a commitment or undertaking of CEFIA Holdings LLC, or any of its subsidiaries or affiliates, to provide a loan or any other type of financing. This Preliminary Term Sheet supersedes any and all prior correspondence, written and oral, concerning a proposed loan with regard to the proposed loan facility. The actual terms and conditions under which CEFIA Holdings LLC may be willing to provide the loan facility to the Borrower (as hereinafter defined) shall be subject to, inter alia, (i) satisfactory completion by CEFIA Holdings LLC of its due diligence process in scope and with results satisfactory to Green Bank in Green Bank's sole and absolute discretion, (ii) the accuracy and completeness of all representations that Performance Guarantor (on your behalf and on behalf of Borrower) make to Green Bank, (iii) obtaining necessary internal credit approvals and Green Bank Board of Director authorization and the negotiation, execution and delivery of definitive documentation consistent with the proposed terms herein and otherwise satisfactory to CEFIA Holdings LLC and Green Bank (iv) no change, occurrence or development shall occur or shall have occurred that has had or could reasonably be expected to have a material adverse effect on the Performance Guarantor or Borrower, their respective businesses or the contemplated collateral for the proposed credit facility and (v)(1) all financial projections concerning the Borrower that have been or are hereafter made available to CEFIA Holdings LLC and Green Bank by the Performance Guarantor or any of its representatives (or on your or their behalf) (the "Projections") have been or will be prepared in good faith based upon reasonable assumptions and (2) all information, other than Projections, which has been or is hereafter made available to CEFIA Holdings LLC and Green Bank by the Performance Guarantor or any of its representatives (or on your or their behalf) in connection with any aspect of the transactions contemplated hereby, as and when furnished, is and will be complete and correct in all material respects and does not and will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained therein not misleading. The pricing and terms included in this Preliminary Term Sheet are based on market conditions on the date hereof and are subject to change.*

***Borrower:*** A special purpose entity wholly and directly owned by Skyview Ventures, LLC (the "Borrower")

***Performance Guarantor:*** Skyview Ventures, LLC

***Lender:*** CEFIA Holdings, LLC

***Loan Facility:*** Up to \$2,300,000 available under multiple advances within a 12 month period, with a financing term not to exceed ■ years from the date of the final advance.

***Availability Limits:*** Fully available at closing for use in the development and longer term financing and re-financing of commercial solar PV projects located in the state of CT.

**Security:** All obligations to Lender will be secured by:

1. First priority perfected security interest in and lien on and collateral assignment of the Borrower's existing and future assets, including pledged equity interests of Borrower indirectly owned by the Performance Guarantor, and the proceeds thereof;

2. Borrower's right, title and interest in all accounts, contract rights, rights to payment of a monetary obligation or other consideration to receive payments by virtue of being counterparty to power purchase agreements and zero emissions renewable energy credit contracts;

3. Assignment of all warranties, licenses, insurance policies and proceeds related to any of the foregoing, and general intangibles.

Collateral to be further defined in the definitive documentation for the loan facility.

**Use of Proceeds:** The Loan Facility will be used for the development and longer-term financing and re-financing of commercial solar assets in the state of CT.

**Interest Rate:** [REDACTED] calculated on a 360 day basis.

**Financial Covenants:** The collateral portfolio must maintain a DSCR of not less than [REDACTED], tested annually. The total loan amount advanced will not exceed [REDACTED] ("Advance Rate") of collateral portfolio forecast earnings before interest, tax, depreciation and amortization ("EBITDA"), and such EBITDA will be discounted at [REDACTED] to arrive at the Advance Rate.

**Closing Fee:** [REDACTED] of loan facility, payable at closing.

**Reporting Covenants:** To be defined within loan documentation, but should expect: annual financial statements of Borrower and Performance Guarantor; annual payment performance history of customers of the commercial solar projects (collateral); annual operational performance (kWh) reports of collateral.

**Other Terms and Conditions:** To be defined within loan documentation, but should expect: events of default, cross default, default interest rate and late charges, remedies, indemnities, operating performance and operations and maintenance provisions, distributions of cash flow, deposit accounts control matters, liability, property casualty and business interruption insurance, annual financial statements of Borrower and Performance Guarantor; annual payment performance history of customers of the commercial solar projects (collateral); annual operational performance (kWh) reports of collateral.

**Expiration:** The proposal herein shall not be a basis for negotiation unless definitive documentation is executed and delivered not later than April 15, 2020.<sup>4</sup>

**Expenses:** The Borrower shall reimburse CGB for the costs and expenses, including the fees of outside counsel, incurred by CGB in connection with the preparation and execution of the Loan Facility, whether or not it closes, up to [REDACTED].

**Enabling Statute and State Contracting:** The Green Bank is subject to the requirements outlined in Sections 16-245n of the Connecticut General Statutes and Borrower will be responsible for complying with applicable state contracting requirements.

**Governing Law and Forum:** Connecticut

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<sup>4</sup> Date might need adjustment due to impact from the Coronavirus



## Appendix B: Skyview Ventures LLC Organization Chart and Summary Financial Statements

REDACTED

REDACTED

## Appendix C: Project Off-taker Credit Ratings

Project	Off-taker	Most Recent Issue	Fitch	Moody's	S&P
[REDACTED]	[REDACTED]	11/4/2019	AAA		AA+
[REDACTED]	[REDACTED]	2/4/2020		Aaa	
[REDACTED]	[REDACTED]	11/15/2017		Aa3	
[REDACTED]	[REDACTED]				
[REDACTED]	[REDACTED]				
[REDACTED]	[REDACTED]				
[REDACTED]	[REDACTED]				
[REDACTED]	[REDACTED]				
[REDACTED]	[REDACTED]				
[REDACTED]	[REDACTED]				
[REDACTED]	[REDACTED]				
[REDACTED]	[REDACTED]	7/11/2019	AAA	Aaa	AAA
[REDACTED]	[REDACTED]				
[REDACTED]	[REDACTED]				
[REDACTED]	[REDACTED]				
[REDACTED]	[REDACTED]				
[REDACTED]	[REDACTED]				
[REDACTED]	[REDACTED]				
[REDACTED]	[REDACTED]				
[REDACTED]	[REDACTED]				
[REDACTED]	[REDACTED]				

## Appendix D: Excerpt from Cash Flow Forecast Model

Cash Flow Forecast:

REDACTED

Term Loan Sculpted Amortization Schedule:

REDACTED

## Appendix E: Summary of Due Diligence

REDACTED





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## Connecticut Green Bank Solar PPA Program Updates

### Revised Due Diligence Package

March 18, 2020 (originally circulated: October 19, 2018, first revised July 9, 2019)

**Document Purpose:** This document contains background information and due diligence on the Connecticut Green Bank Solar PPA Program, in partnership with Inclusive Prosperity Capital, Inc. and other potential PPA sponsors through financing arrangements described herein. This information is provided to the Connecticut Green Bank Board of Directors for the purposes of reviewing and approving recommendations made by the staff of the Connecticut Green Bank.

In some cases, this package may contain among other things, trade secrets, and commercial or financial information given to the Connecticut Green Bank in confidence and should be excluded under C.G.S. §1-210(b) and §16-245n(D) from any public discourse under the Connecticut Freedom of Information Act. If such information is included in this package, it will be noted as confidential.

# Program Qualification Memo

**To:** Connecticut Green Bank Board of Directors

**From:** Bert Hunter, EVP & CIO; Mariana Cardenas, Consultant, Clean Energy Finance; Louise Della Pesca, Associate Director, Clean Energy Finance;

**Cc:** Bryan Garcia, President & CEO; Mackey Dykes, VP, C I &I; Brian Farnen, General Counsel

**Date:** March 18, 2020 (originally circulated October 19, 2018, first revised July 9, 2019)

**Re:** Connecticut Green Bank Solar PPA Program Updates

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## Purpose

The purpose of this memo is to request approval from the Connecticut Green Bank (“Green Bank”) Board of Directors (the “Board”) to confirm the authority of the Green Bank to participate in various financing and development roles with respect to commercial solar photovoltaic (“PV”) PPA projects within Connecticut – specifically, roles that the Green Bank has played at various times in the past and now would like to continue to operate across, and further expand on, for the benefit of both the Green Bank and the Connecticut market. In the past few years, as the commercial solar sector has evolved more generally, there have been new entrants into the commercial solar market in Connecticut who can contribute to financing and developing projects, including – just for the most “close to home” example – the Green Bank’s recent spin-out entity Inclusive Prosperity Capital, Inc. (“IPC”). IPC in turn, by means of its own growth strategy and partnership formations, is attracting additional financing and development players into Connecticut, such as Sunwealth Power, Inc. (“Sunwealth”), a Massachusetts-based commercial solar developer who can bring development capital, term financing, and tax equity to a diverse array of small projects with unconventional credit profiles<sup>1</sup>.

As the market develops and benefits from new players who add liquidity, expertise, and options for customers, the role of the Green Bank necessarily changes away from (a.) having to be a foundational player that sets and communicates out a specific financing structure in order to move projects forward and towards (b.) being a “bridge” player that leverages ratepayer capital through multiple structures and platforms in order to continue to drive access to capital and cost savings to customers, as the market builds momentum and scales towards fully private capital solutions. Importantly, the Green Bank continues to develop a strong pipeline of commercial solar PPA projects in this evolving market, due to institutional knowledge derived over time, as well as a network of relationships with developers, customers, and key local players who facilitate project origination.

With the ability to determine, based on project fundamentals, partner strengths, and market conditions, how the Green Bank ultimately participates in specific projects and fund structures (e.g. whether via (i.) providing development and construction capital, ~~or~~ (ii.) providing term financing in the form of either debt or equity to projects that are developed by CEFIA Holdings LLC (“Holdings”) and sold to a 3<sup>rd</sup> party platform (e.g. IPC or Sunwealth), or (iii.) providing construction and term financing to projects that are developed

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<sup>1</sup> <https://www.sunwealth.com/>

by 3<sup>rd</sup> parties in Connecticut only), the Green Bank can optimize the use of ratepayer funds for leveraging private capital and developing quality projects to benefit local communities.

Staff is thus seeking approval to continue to develop and sell commercial solar PV PPA projects in Connecticut developed by Holdings, and to provide construction and term financing to projects developed by 3<sup>rd</sup> parties, and deploy capital in amounts in line with annual budgetary and financial planning limits but with an overall not-to-exceed amount across development, sponsor equity, and ~~term~~ debt investments of up to \$15-30 million (originally approved in October 2018 at \$15 million), in form and structure in line with financing roles that the Green Bank has played in the past – specifically:

1. Development capital;
2. Construction financing;
3. Financing a 3<sup>rd</sup> party ownership platform (e.g. IPC or Sunwealth), in the form of sponsor equity and/or debt.

The participation and financing scenarios above give rise to various value streams and benefits to the Green Bank – for example, providing development capital to a project that is then purchased by a 3<sup>rd</sup>-party ownership platform gives the Green Bank an upfront income/liquidity boost, whereas providing term equity or debt provides a stream of cash flows over time. The following sections herein further detail those considerations, in addition to outlining parameters within which Green Bank staff will operate when determining how best to deploy capital for commercial solar PV projects in Connecticut.

## Background and Context

The Green Bank has successfully run two commercial solar PPA funds, CT Solar Lease 2 LLC (“SL2”) and CT Solar Lease 3 LLC (“SL3”), through which the Green Bank previously developed and now continues to own and operate projects via an ownership platform that was capitalized by a combination of ratepayer funds and 3<sup>rd</sup>-party capital providers. In addition, and most recently Subsequently, the Green Bank entered into a sourcing and servicing arrangement with Onyx Renewable Partners (“Onyx”), under which the Green Bank has developed projects and then sold those projects into an Onyx-owned ownership platform. Moving forward from the self-sponsored solar funds and then to a strategically aligned partnership with a third party fund (i.e., Onyx), the Green Bank expanded its development reach to include on an opportunistic basis a development-deployment program whereby the Green Bank continued to work with contractors within the state to originate and develop projects which the Green Bank would then sell into the market. The following table summarizes the number and capacity of projects deployed into each of those fund structures, along with projects that are currently in development with the Green Bank but not yet designated for a final financing structure:

	# of Projects	Total Capacity (MW)
SL2 (Green Bank owned)	53	9.70
SL3 (Green Bank owned)	31	5.75
Onyx	14	9.41
<u>Developed and sold</u>	<u>20</u>	<u>3.1</u>
<u>Currently in development</u>	<u>13</u>	<u>4.9</u>

With the addition of new entrants and evolving market dynamics, as summarized in the “Purpose” section above, projects currently in development represent strategic assets that the Green Bank can monetize via different financing structures and ownership vehicles as the Green Bank deems to be in the best interest of both the Green Bank itself and the broader market, as dictated by project fundamentals, partner strengths, and market conditions. The ability to monetize projects without the restrictions of a single financing structure means that the Green Bank can continue to develop a pipeline of projects, to the benefit of both the Green Bank and the development / financing ecosystem that we are working to support. It should also be noted that as the commercial solar PV market transitions from a net metering and ZREC-LREC incentive policy, that the Green Bank having a financing product in place will assist the market in its transition to a tariff-based structure and to foster the sustained, orderly development of a state-based solar industry.

From both the customer and project origination perspective, given the Green Bank’s strong presence in the Connecticut commercial-scale solar market, it makes sense for the Green Bank to continue to originate commercial PPA projects in partnership with our existing, local developer base, as well as new market entrants attracted by the Green Bank’s ability to accelerate growth in this market. This “distributed” partnership approach, with local developers at the top of the funnel, larger developers and financiers at the bottom of the funnel, and the Green Bank intermediating in the middle, results in both localized economic development and – via competition – better terms for customers resulting in enhanced access to capital and lower energy costs.

### Parameters for Financing 3<sup>rd</sup>-Party Ownership Platforms

Green Bank staff requests approval for the Green Bank to provide construction and term financing to support Connecticut projects developed and sold by Holdings under 3<sup>rd</sup>-party owned financing structures, and to support Connecticut projects developed by 3<sup>rd</sup> parties. An example would be the Green Bank providing term debt into a fund structure where that Green Bank debt sits alongside (or as back-leverage to) 3<sup>rd</sup>-party sponsor equity, 3<sup>rd</sup>-party tax equity, and potentially other 3<sup>rd</sup>-party debt in a financing vehicle that is owned by a 3<sup>rd</sup>-party (e.g. IPC or Sunwealth).

Green Bank staff has expertise in developing PPA projects, selling them to third party owners and subsequently structuring term financing, as it is the type of investment that the Green Bank has done before (most specifically via the term debt authority embedded in our Onyx Agreement, further discussed below), and the Green Bank’s position in this role represents a stepping stone in further market evolution towards fully private capital solutions (i.e. the market has evolved to the point where 3<sup>rd</sup>-party sponsors are willing to develop and own the types of underserved and unconventional credits typically served by the Green Bank, but the fund-level economics still need a boost from the Green Bank, in the form of term debt for example, in order to deliver project savings to the customers).

Capital deployed under this construct would be subject to the following terms:

- **Investment Type:** Debt (likely) or Equity (opportunistically);
- **Investment Return Profile:** An investment IRR not less than Green Bank return requirements across comparable investments (e.g. a C-PACE equivalent note yielding a C-PACE equivalent rate) nor more than a private investment in a similar facility given the risk-return expectations of the project portfolio;

- **Investment Risk Profile:** Underlying security, cashflow coverage, collateral, or otherwise equivalent to Green Bank risk requirements across comparable investments (e.g. a C-PACE equivalent IRR and structure carrying a C-PACE equivalent [over]collateral profile);
- **Investment Amount:** Anticipated to constitute no less than \$5-1 million of the total not-to-exceed amount of \$15-30 million<sup>2</sup> in new money authorized herein, subject to budget constraints.

Specifically, for investments in 3<sup>rd</sup>-party owned financing structures containing PPA projects not developed by Green Bank:

- **Investment Approval:** Investments below \$0.5 million would be subject to Staff level approval, investments between \$0.5 million and \$2.5 million would be subject to approval by Deployment Committee and investments greater than \$2.5 million would be approved by the Board.
- **Counterparty Selection:** Recipients of Green Bank capital would be pre-qualified as financing partners, via a public request for proposals. Refer to Exhibit B for a list of proposed pre-qualification criteria for such financing partners.

## Parameters for Development Capital and Construction Financing

Whether the Green Bank is developing a project and has not yet committed to the final financing/ownership structure for that project, or whether the Green Bank is providing development capital and construction financing to a project with ~~the either the~~ intent of selling that project fully to a 3rd-party owned financing structure or rolling the construction financing into a term loan, the Green Bank may find it beneficial (both with respect to its own target returns and/or liquidity needs and broader market development) to deploy capital on a short-term basis in order to develop a project to the point that it can be monetized one way or another.

Green Bank staff therefore requests continuing authorization, pursuant to the Board approvals most recently granted at the Board's ~~August 21, 2018~~ July 18, 2019 meeting, for the Green Bank to maintain its ability to deploy short-term capital for development and/or construction purposes. An example of how this works in practice is the relationship between the Green Bank and Onyx, who ~~have~~ have enjoyed a sourcing and servicing partnership ~~since~~ from February 2017 ~~until September 2019~~. Under the Commercial Solar Project Sourcing & Servicing Agreement (the "Onyx Agreement"), the Green Bank originates ~~ds~~ commercial PPA projects and provides continuing C-PACE related administrative services for C-PACE secured PPA projects. ~~The Onyx Agreement was set to expire on September 30, 2018; however, due to its success, the parties are in the process of extending it by an additional year, to September 30, 2019. Under this extension, Onyx will finance commercial PPA projects originated by the Green Bank that are greater than 500kW AC and meet a defined hurdle IRR in exchange for agreed upon sourcing and referral fees.~~ By way of reference, the Green Bank has, to date, earned more than \$400,000 in sourcing fees associated with the first 9 MW+ of projects originated under the Onyx Agreement.

Under this approach, projects that do not fall into the Onyx ownership structure will instead be sold to another 3<sup>rd</sup>-party ownership structure, as contemplated to be the case with new market entrants such as IPC, ~~and~~ and Sunwealth and, more recently, Skyview Ventures.

<sup>2</sup> Originally approved in October 2018 at \$15 million.

Capital deployed under this construct would be subject to the following terms:

- **Investment Type:** Debt (opportunistically) or Equity (likely);
- **Investment Return Profile:** Market returns based upon underlying project cash flows, with an expectation for a full, short-term return of capital plus either a reasonable developer markup or a sourcing fee / rights to residual cash flows depending on partnership structure;
- **Investment Risk Profile:** Standard development risk (principally, for projects of this size / credit quality, a lack of potential term financing) to be mitigated either through an internal Green Bank solution for unconventional credits, or via a predetermined credit box with one or more long-term 3<sup>rd</sup>-party owners;
- **Investment Amount:** Anticipated to constitute approximately a target minimum of \$15 million in revolving funds, out of the total not-to-exceed amount of \$15-30 million in new money authorized herein, subject to budget constraints.

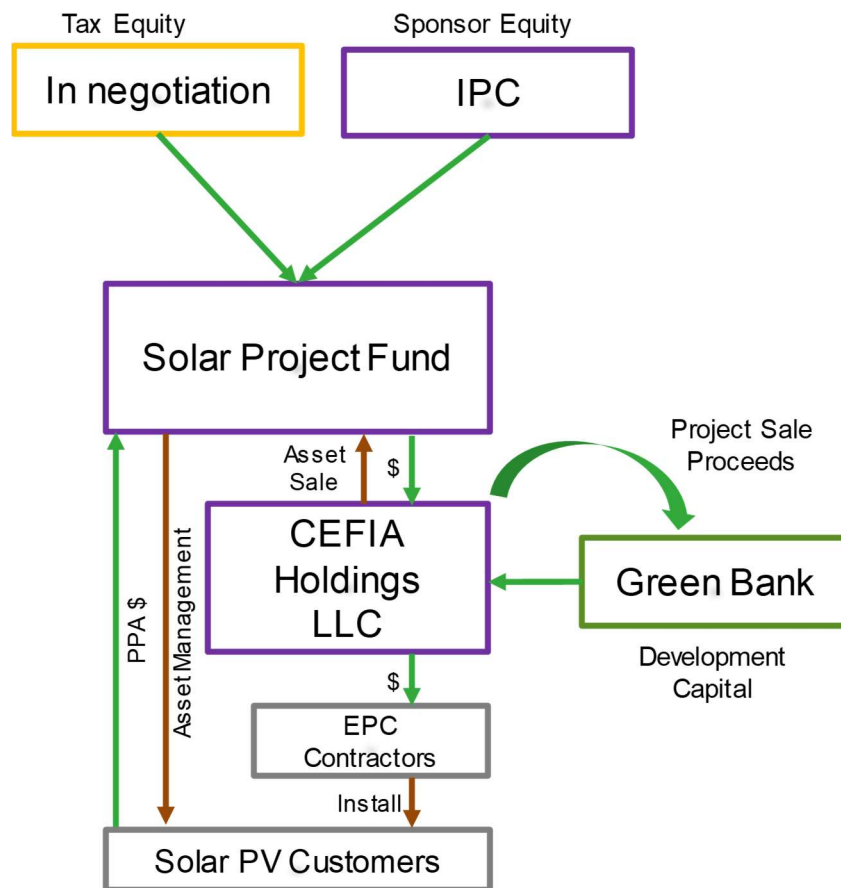
Specifically, for investments in 3<sup>rd</sup>-party owned financing structures containing PPA projects not developed by Green Bank:

- Investment Approval: Investments below \$0.5 million would be subject to Staff level approval, investments between \$0.5 million and \$2.5 million would be subject to approval by Deployment Committee and investments greater than \$2.5 million would be approved by the Board.
- Counterparty Selection: Recipients of Green Bank capital would be pre-qualified as financing partners, via a public request for proposals. Refer to Exhibit B for a list of proposed pre-qualification criteria for such financing partners.

## Green Bank Participation and Financial Benefit

### Structure Diagram

The diagram below, taken from the August 21, 2018 memo to the Board of Directors, represents the world in the instance where the Green Bank provides development financing and actively develops a project itself. To avoid confusion, rather than providing multiple diagrams, the authorizations requested in this memo would also allow the Green Bank to provide financing to a 3<sup>rd</sup>-party owner (in the case below, IPC) via, for example, debt directly to the solar project fund or back-leverage to the project sponsor.



### Ratepayer Payback

*How much clean energy is being produced (i.e. kWh over the projects lifetime) from the program versus the dollars of ratepayer funds at risk?*

At a level of \$10 million of term capital deployed, expected generation would be approximately 240 GWh over 25 years from an anticipated 8 MW of solar PV systems,<sup>3</sup> resulting in 240 kWh deployed per ratepayer dollar at risk.

### Financial Statements

*How is the program investment accounted for on the balance sheet and profit and loss statements?*

The capital deployed by the Green Bank as authorized herein will result in a decrease in Unrestricted Cash on the Green Bank's balance sheet and, depending on the use of funds, an equivalent increase in either a) short- or long-term promissory notes receivable (likely), b) the creation of a development asset at the level of CEFIA Holdings (likely), or c) the creation of a long-term asset through the Green Bank's ownership interest (sponsor equity) in a solar project holding company (only if determined to be needed due to unexpected market conditions).

### Risk to Ratepayer Funds

*What is the maximum risk exposure of ratepayer funds for the program?*

<sup>3</sup> Assuming \$10 million makes up 50% of a project's capital stack, with an FMV of \$2.50/W and average project yields of 1,200 kWh / kW

The maximum risk exposure of ratepayer funds for the program is a not-to-exceed amount of \$~~15~~-30 million (subject to budget constraints), which may be development capital, construction or term debt capital to a 3<sup>rd</sup>-party solar project owner, or sponsor equity for a retained project.

### Target Market

*Who are the end-users of the engagement?*

Commercial, municipal, and institutional PPA off-takers within the state of Connecticut, particularly of benefit to nonprofits and unrated small and medium-sized businesses and corporates that might otherwise struggle to access solar PV in the current market environment.

### Program Partners

Key external players in the Green Bank's ongoing commercial solar PPA program could include:

- IPC
- Other PPA Sponsors including Sunwealth and Skyview Ventures
- Tax equity providers such as Enhanced Capital ("Enhanced")

High-level overviews of IPC and Sunwealth follow in Exhibit A to this memo, as does a representative term sheet for tax equity from Enhanced. As a reminder, staff is not suggesting to the Board that these are the only potential partners under this program as it evolves. Rather, these types of partners provide the capital, expertise, and flexibility that the Green Bank sees as necessary components to continue to accelerate the deployment of this evolving but still underserved sector of the market.

### Program Risks and Mitigation Strategies

The risks of structuring a commercial solar PPA financing program are well understood by the Green Bank given our deep experience operating in the market.

#### Market and Origination Risk:

Risks:

- Commodity prices / utility rate changes making PPA rates charged a less viable option for repayment of capital providers
- Green Bank is unable to originate enough qualified projects to meet targets (either internal or under partnership agreements)
- If the pricing of future PPAs developed by the Green Bank is materially different from existing projects due to partner return requirements, the market may not be able to support pricing
- Public policy changes (e.g., from net metering to a tariff) that have an adverse impact on energy savings to end-use customers

Mitigation Strategy:

- Flexible approach to capitalizing these projects such that there are multiple potential partners available for term financing (including IPC), with the option for the Green Bank to place long-term debt (in addition to providing development capital) to ensure return hurdles are hit while retaining attractive pricing for customers



- Advocating appropriate tariff rates before PURA for behind the meter solar PV that balance ratepayer impact with end-use customer savings

### **Structural risk:**

Risks:

- Principally, Green Bank debt that is placed into a comingled portfolio of solar PPA projects across a 3<sup>rd</sup>-party owner's portfolio faces repayment risk that is not mitigated by Green Bank underwriting criteria due to exposure to projects that are outside of Green Bank's control

Mitigation Strategy:

- Green Bank will have either (i) segregated Connecticut project cash flow waterfall or alternatively (ii) a distinct tracking of the revenues, expenses and cash flows of Connecticut projects under the program satisfactory to Green Bank
- Green Bank will require appropriate minimum debt service coverage ratios of base case projections to mitigate risk of over leveraging and ensuring debt service requirements can be met
- Green Bank will require appropriate sponsor guarantees and reserves as necessary and maintain appropriate rights with respect to the underlying project collateral and/or the sponsor's equity interests therein

### **Credit Risk:**

Risk:

- Underlying off-takers fail to pay or default under the terms of the PPA

Mitigation Strategy:

- C-PACE as a security mechanism for unrated entities
- Well delineated credit requirements (for rated and unrated) requiring investor oversight
- Amongst other potential credit enhancements, requiring prepayments during tax credit recapture periods for weaker credits, as necessary

### **System Performance Risk:**

Risk:

- Solar PV systems supporting the solar PPA do not meet production expectations, the value proposition to commercial entities will decline, reducing energy savings

Mitigation Strategy:

- Strict EPC approval requirements ensuring EPCs have adequate experience, insurance, and finances to undertake project in a safe and effective manner, as well as ongoing oversight
- Enhanced commissioning protocols

- List of approved technologies, actively maintained/updated ensuring that technologies used are the most efficient, cost effective, and that manufacturers with the highest likelihood of being able to stand by their warranties are used
- Extensive diligence process for projects developed by 3<sup>rd</sup> parties.

### **Development Risk:**

#### **Risk:**

- Projects developed via CEFIA Holdings fail to reach completion

#### **Mitigation Strategy:**

- Continuation of existing Green Bank best practices with respect to project pricing, early fatal flaw analysis, rigorous negotiation of documentation, and contractor oversight
- Expansion of potential term financing solutions, including both competitive and strategic selections as authorized herein, to ensure all projects developed by the Green Bank find a long-term home with reasonable economic return for the Green Bank's invested resources and risk taken

## Resolutions

**WHEREAS,** when the Green Bank Board of Directors (the “Board of Directors”) passed resolutions at its October 26, 2018 meeting, as modified by resolutions passed at its July 18, 2019 meeting, approving funding in a total not-to-exceed 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 3rd-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 so financed 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 Board of Directors approves funding, in a total not-to-exceed amount of ~~\$15~~ \$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 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.

**RESOLVED,** that the President of Green Bank; and any other duly authorized officer of Green Bank, is authorized to execute and deliver, any contract or other legal instrument necessary to continue to develop and finance commercial PPA projects on such terms and conditions as are materially consistent with the memorandum submitted to the Green Bank Board on ~~March 25, 2018, October 19, 2018;~~ and

**RESOLVED**, that the proper Green Bank officers are authorized and empowered to do all other acts and execute and deliver all other documents as they shall deem necessary and desirable to effect the above-mentioned legal instrument.

Submitted by: Bryan Garcia, President and CEO; Bert Hunter, EVP and CIO; Louise Della Pesca, Associate Director, Clean Energy Finance

**Exhibit A**  
**Potential Commercial Solar PPA Program Partners**

**IPC**



**INCLUSIVE**  
PROSPERITY CAPITAL

**A CONNECTICUT GREEN BANK SPIN-OUT**

SCALING COMMUNITY DEVELOPMENT IN UNDERSERVED MARKETS  
THROUGH CLEAN ENERGY AND SOCIAL IMPACT INVESTMENTS

**REDACTED**

# Sunwealth



sunwealth®

# INVEST WITH POWER AND PURPOSE

Unlocking the value of commercial  
solar for investors and communities



## PURPOSEFUL INVESTMENT

Sunwealth's Solar Impact Fund brings together a diverse community of partners – including local solar developers, community groups, local businesses, and impact investors – committed to investing in a renewable energy future that benefits all of us.



### DIVERSE PROJECTS

We work with strong, local developers to pinpoint projects across our communities and design solar systems that deliver significant energy savings to power purchasers.



### STRONG UNDERWRITING

Proprietary review process ensures each project meets the highest quality standards. We are investing for the long haul in projects and partners that will be here for decades to come.



### SOLAR IMPACT FUND

A robust, diverse and transparent pool of high-performing commercial solar projects designed to deliver social, environmental and financial returns to investors and communities.

## POWERFUL RETURNS

Sunwealth generates powerful returns – for our communities, our local economy, our environment and our investors. We are reimagining the bottom line, building a portfolio that is diverse, transparent, inclusive and resilient.



### COMMUNITIES

Solar access and energy savings



### LOCAL ECONOMY

Jobs and income for local solar developers and installers



### ENVIRONMENT

Carbon reduction



### INVESTORS

Fixed income from an alternative asset

## TWO WAYS TO INVEST

All Solar Impact Fund investors get the benefit of a simple, transparent investment in a diversified portfolio of solar projects owned and managed by Sunwealth. **Bond investors** receive fixed income returns over a 10-year term, with quarterly distributions of principal and interest. **Eligible tax equity investors** receive valuable tax benefits and preferred cash distributions over a 5-year term.



### BOND FUND

Invest in a diverse portfolio of solar projects and receive predictable returns over a 10-year term through quarterly distributions of principal and interest.



### TAX EQUITY

Turn a tax liability into an investment opportunity – invest in solar and receive tax credits, deductions and preferred cash return.

**Enhanced  
(Representative Term Sheet)**

Based on the information provided by [Sponsor Entity], a [State] limited liability company (“[Abbreviated name]”) and recent conversations regarding the Projects referred to below, Enhanced Capital Tax Credit Finance, LLC (“**Enhanced Capital**”) is pleased to propose the following preliminary terms and conditions for a tax equity investment in connection with the Projects (defined below).

This term sheet (the “**Term Sheet**”) does not constitute an offer or a solicitation of an offer to purchase or sell, nor is it a binding commitment by any party to purchase or sell, any equity or other interest in any of the Companies that own the Projects (defined below). The terms and conditions set forth in this Term Sheet are based on the information provided by [Sponsor Entity] as of the date hereof, without regard to the accuracy of the information provided, and remain subject to, among other things, completion of underwriting and due diligence, satisfactory documentation, investment committee approval by Investor (defined below) and review by Investor’s legal and tax counsel.

REDACTED

If the terms herein are generally acceptable to you, please sign below and return by [Date]. This Term Sheet and the proposals contained herein will expire at 5:00 pm EST on [Date] if Investor fails to receive Sponsor’s executed signature to this Term Sheet. Upon acceptance, we consider all communications in connection with this Term Sheet and the matters contemplated hereby to be confidential to the extent permitted under the Connecticut Freedom of Information Act. Any violation of this condition shall be considered detrimental and may subject the signor and related parties to damages to be determined by a court of competent jurisdiction. Notwithstanding anything set forth elsewhere in this Term Sheet, the Expenses provision will survive any termination of this Term Sheet for any reason.

Sincerely,

ENHANCED CAPITAL TAX CREDIT FINANCE, LLC



## Exhibit B

### Proposed Pre-Qualification Criteria for Recipients of Green Bank Capital for Investments in PPA Projects Developed by Third Parties

- At least five years operating history including at least one year operating history in the state of Connecticut
- Either: at least 1 MW capacity of commercial solar assets under management; or: at least 5 MW capacity of commercial solar assets installed
- No instance of default on a power purchase agreement
- Established program of asset management, to include: contracted operations and maintenance services and ability to obtain production data on a monthly basis
- Acceptance of non-negotiable requirement for Green Bank to secure loans by a first priority lien on assets against which loans are advanced
- Acceptance of non-negotiable requirement that proceeds of loans will be used for the development and longer term financing and refinancing of clean energy projects situated in the state of Connecticut



# Investment Modification Memo

**To:** Connecticut Green Bank Board of Directors  
**CC:** Bryan Garcia, President and CEO; Jane Murphy, Vice President of Accounting and Financial Reporting; Brian Farnen, General Counsel and CLO; Eric Shrago, Managing Director of Operations; Selya Price, Director of Incentive Programs  
**From:** Bert Hunter, EVP and CIO  
**Date:** March 23, 2020  
**Re:** Restructuring of Asset Backed Back-Leverage Facility and Increase in Performance Based Incentive (PBI) Financing Facility for PosiGen Related to PosiGen Refinancing Plan

## Background

In late January of this year, our strategic partner for LMI solar and energy efficiency, PosiGen, Inc. and its subsidiaries (collectively, "PosiGen"), concluded a restructuring that replaced LibreMax Capital (who, back in December 2018, collaborated with the Connecticut Green Bank ("Green Bank"), Inclusive Prosperity Capital ("IPC") and PosiGen to bring forward \$90 million in financing facilities) with Ares Capital Corporation ("Ares"). In the restructured facility, Ares replaces LibreMax as the "first lien" (i.e., senior) lender with Green Bank remaining as "second lien" (i.e., subordinate) lender under this new financing arrangement. The Green Bank Board of Directors (the "Board") approved the restructuring plan at the Board's special meeting held November 20, 2019.

This refinancing marks the beginning of PosiGen's efforts to "streamline" its financing facilities (i.e. realizing efficiencies and savings from having a single project-level credit facility as opposed to numerous scattered facilities ridden with structuring and legal costs and the default risk of not having a permanent financing solution). The continued refinement of PosiGen's capital facilities at both the corporate parent and project levels would be needed to further bring down PosiGen's overall cost of capital and allow it to continue growing in underserved markets.

## Restructured Facility Arrangements (January 2020)

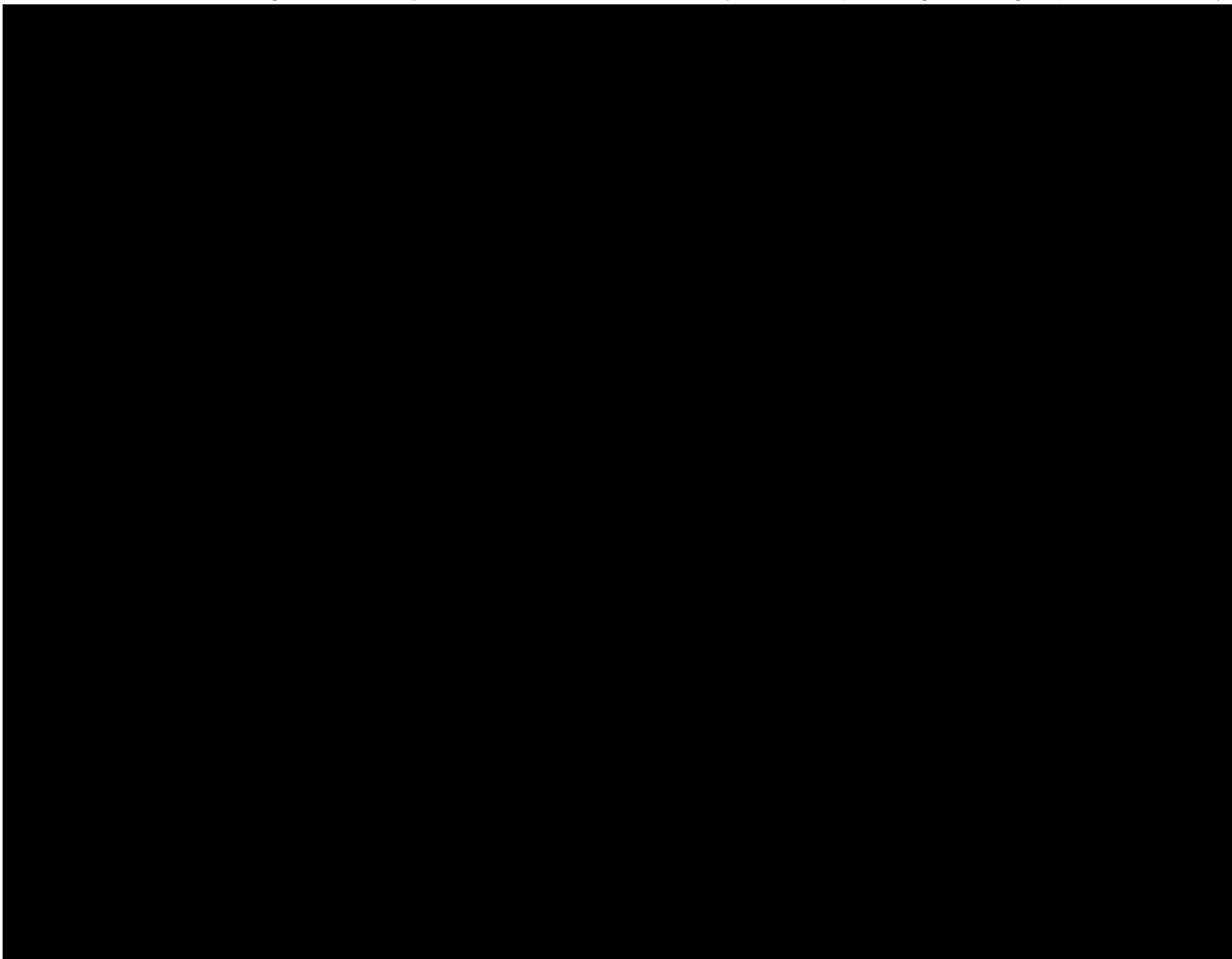
The new arrangements provide the following levels of capital for PosiGen as of January 2020:

Ares (1) + New Island + CGB Backleverage Facility and CGB PBI Facility	
Facility Size:	Outstanding
Interest Rate:	
[REDACTED]	

<sup>1</sup> Note: The initial Ares facility is \$65 million with the understanding that the facility could accordion based on PosiGen's growth

The restructured facilities have been essential to fund PosiGen's continued operations and growth. While recognizing that the recent covid-19 issues could cause some business impacts for the duration of the health emergency,<sup>2</sup> PosiGen continues to install and sell at pace over the last few days and weeks:

- PosiGen has seen very limited cancellations, and even in light of social distancing protocols, they have sold 40+ systems in the 2<sup>nd</sup> week of March (at the kitchen table or via remote DocuSign)
- This progress seems to reinforce the company's core thesis: those who most need the savings PosiGen can deliver, are especially motivated to buy into the company's value proposition, given everything going on in the broader world
- While no one can predict whether these trends will continue as the situation evolves, the company has a backlog of ~1,200 systems that PosiGen is ready to install pending working capital availability



Together with the Green Bank, IPC, New Island Capital and Ares, the restructured facilities are funding an existing pool of approximately 14,400 residential solar and home efficiency leases, with similar systems to be installed by PosiGen that will, from time-to-time, be incorporated in the collateral pool for incremental funding by Ares. A key benefit of the Ares facility is the reduction in interest rate by 150 basis points. Clearly this reduction in interest rate benefits both PosiGen – from an overall cost of funds perspective – and Green Bank, as a lower senior borrowing rate means additional cash flow coverage for Green Bank's 2<sup>nd</sup>

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<sup>2</sup> Attached is PosiGen's comprehensive coronavirus response strategy doc

<sup>3</sup> W-2 employees only (that is, excludes subcontracted installation crews)

lien position. At the same time, the Ares facility has a somewhat higher advance rate for the borrowing base, 72% vs the existing 68%. As of March 20, PosiGen is fully current on backleverage & PBI facilities.

### Green Bank PBI Facility

When the Board approved the restructured back leverage facilities, it also approved modifications to the Performance Based Incentive (“PBI”) facility which enables PosiGen to monetize the future incentives to be paid for the generation across the residential solar PV systems installed by PosiGen. The Board approved of staff’s recommendation to expand the existing PBI facility from \$5 million to \$8 million, with the Green Bank within this change in facility size being permitted to advance up to \$5 million against PosiGen PBI cash flows, inclusive of the ~\$1 million already advanced in September 2019 – thus an increase of \$4 million of which \$1 million could only be used to reduce IPC’s exposure to PosiGen if IPC needed to redeploy funds to another purpose. IPC did, in fact, seek a reduction in its funding for PosiGen under the Green Bank participation agreement and the Green Bank increased its funding to PosiGen by this \$1 million in line with the Board’s approval. At the present time, and accounting for payments made by PosiGen through March 13, Green Bank’s position in PosiGen is as follows:

CT Green Bank PosiGen Facilities			
Existing			
CT Green Bank	Facility Size	Senior/Sub	Outstanding
Ares B/L	\$12,655,519	Subordinated	\$12,655,519
New Island B/L	\$1,344,481	Subordinated	\$1,344,481
Total B/L	<b>\$14,000,000</b>		<b>\$14,000,000</b>
PBI Financing	\$5,000,000	Subordinated	\$4,228,886
Total	<b>\$19,000,000</b>		<b>\$18,228,886</b>
IPC PBI Financing	\$4,100,000		\$2,426,872

### Restructured Facility Arrangements (est March/April 2020)

#### Corporate Capital Raise and New Back Leverage Mezzanine Facility

Continuing with its plans to streamline its corporate structure, PosiGen is close to the next stage of its recapitalization plan which it intends to bring to fruition in the late March to May time frame with the likelihood that there will be a series of coordinated closings as the various elements come into place. This restructuring is expected to be comprised of three key elements:

1. Cumulative preferred stock raise of between \$50 and \$75 million
2. Equity layer from \$25 to \$40 million
3. A back leverage mezzanine layer of \$20 to \$30 million

The third element of the capital raise shown above, a back leverage mezzanine layer, would refinance the Green Bank’s existing \$12.6 million back leverage mezzanine position and provide for additional financing of new systems with both senior back leverage debt from Ares plus a new mezzanine source. This is important to PosiGen as the Green Bank’s back leverage mezzanine position is capped at \$12.6 million. Accordingly, a new lender with ability to lend more to PosiGen would enable continued expansion of PosiGen into new markets.

The first element of the capital raise shown above, cumulative preferred stock raise, is expected to be participated in by New Island Capital (“New Island”), the back leverage senior lender funding the REA portfolio with the Green Bank (in a subordinated position). In order to participate in this first element, New Island seeks to redeploy its investment in the back leverage facility funding the REA portfolio into the cumulative preferred stock raise. Green Bank staff proposes refinancing the entire REA facility. While both the Ares and REA portfolios are a combination of CT-based residential solar PV system leases and non-CT systems, our overall PosiGen lending is still supported by more than 100% of CT-based cash flows, although considerably less than with the Ares portfolio as shown here:

Existing			Proposed		
Outstanding	CT Cash Flow	% by CT	Outstanding	CT Cash Flow	% by CT
\$12,655,519	\$40,674,534	321%			
\$1,344,481	\$6,105,031	454%	\$6,722,404	\$6,105,031	91%
\$14,000,000	\$46,779,564	334%	\$6,722,404	\$6,105,031	91%
\$4,228,886	\$8,538,206	202%	\$6,655,758	\$8,538,206	100%
\$18,228,886	\$55,317,771	303%	\$13,378,162	\$14,643,237	109%

At the same time, Green Bank staff proposes expanding the PBI financing facility from \$5 to \$10 million to fund additional incentive awards as these additional residential solar PV systems are leased by PosiGen to its LMI and non-LMI customers. As with the refinancing approved by the Board in November, this refinancing would further reduce the Green Bank's overall exposure to PosiGen (now that additional private capital is being made available to PosiGen) which shifting Green Bank's investment in PosiGen funding facilities to where the exposure is most secure. In doing so, the Green Bank would:

- (1) Eliminate its mezzanine position in the Ares portfolio.
- (2) Effectively eliminate its mezzanine position in the REA portfolio by becoming the sole lender against this pool of assets.
- (3) Expand our PBI funding facility where our payment comes via cash flows that Green Bank pays out for the PBI incentives for the CT-based PosiGen residential systems. As with the existing advances, PBI loans are repaid within the 6-year life of the PBI cash flow stream, combined with a beneficial yield play which enhances Green Bank sustainability in a risk-effective manner.
- (4) Assume the balance of IPC's remaining participation in PosiGen as IPC has made this request, subject to Board approval, in order to redeploy its funds into other financing programs that would be a better use of its scarce capital. In assuming IPC's \$2.5 million participation, the Green Bank would now be the sole lender against the PBI cash flows, rather than have IPC in a senior position ahead of the Green Bank.
- (5) **Advances are only made against PBI collateral and if the collateral does not materialize, there would be no additional advances to PosiGen.**

As restructured, the facilities would be as follows:

CT Green Bank PosiGen Facilities								
CT Green Bank	Existing				Proposed			
	Facility Size	Senior/Sub	Outstanding	Rate	Facility Size	Senior/Sub	Outstanding	Rate
Ares B/L	\$12,655,519	Subordinated	\$12,655,519	7.50%	\$0	Subordinated	\$0	6.25%
New Island B/L	\$1,344,481	Subordinated	\$1,344,481	7.50%	\$6,722,404	Senior	\$6,722,404	6.25%
Total B/L	<b>\$14,000,000</b>		<b>\$14,000,000</b>		\$6,722,404		\$6,722,404	
PBI Financing	\$5,000,000	Subordinated	\$4,228,886	7.50%	\$10,000,000	Senior	\$6,655,758	6.25%
Total	<b>\$19,000,000</b>		<b>\$18,228,886</b>		\$16,722,404		\$13,378,162	
					<b>(\$2,277,596)</b>		<b>(\$4,850,724)</b>	
IPC PBI Financing	\$4,100,000		\$2,426,872		\$0		\$0	

The restructured facilities will reduce the Green Bank's exposure in committed facilities to PosiGen from \$19 million down to \$16.7 million, and reduce outstanding balances from \$18.2 million to \$13.4 million, with these proposed facilities being in the most secure (i.e., senior) position in line for the cash flows from the portfolios and future incentive payments. In order to proceed:

- A. All of the transactions involving Green Bank security would need to be transacted simultaneously;  
or
- B. Staff will be permitted to refinance the New Island back leverage position so long as the Green Bank's exposure in the Ares mezzanine position is reduced dollar-for-dollar with any incremental risk, on a senior creditor basis, against the REA portfolio prior to the balance of the transactions explained above.

### **Interim Capital Raise by Ares under the Back Leverage Facility**

In order to continue PosiGen's access to working capital as the elements of the refinancing come together, Ares, which itself is lined up to participate in the preferred equity raise, has offered to lend on a bridge basis by increasing its advance rate against the borrowing base from 72% to 79%. This would be senior to the Green Bank's 17% advance against the same borrowing base, meaning that there will be a total of 96% advanced (the "Combined Advance Rate") against the borrowing base which is determined by the future portfolio cash flows discounted at 6%. This would permit Ares to provide an additional \$5 million to PosiGen while the three elements of the restructuring come together over the late March to May time frame and add additional liquidity should there be headwinds to new business owing to the Covid-19 situation. As an accommodation to PosiGen as it works to close out the restructuring, particularly while the entire economy is dealing with the uncertainties of Covid-19, the Green Bank would not charge a premium above its existing interest rate through June 30, 2020. Thereafter, unless and until the advance rate inclusive of the Green Bank's advances revert to 89%, the Green Bank back leverage facility will incur a premium of 100 basis points for any period of time after June 30, 2020 that the Combined Advance Rate exceeds 89%.

### **Recommendation**

Staff is encouraged by the successful refinancing which has brought a supportive stakeholder in Ares into the back leverage facility to assist with PosiGen's growth and expansion strategy. At the same time, PosiGen has made progress in bringing to the table with a negotiated term sheet several institutional investors for its preferred equity raise. Finally, it is encouraging that a new mezzanine player will soon join Ares in funding the bulk of the residential solar PV lease portfolio which will enable the Green Bank to eliminate its own mezzanine funding position against PosiGen assets in their entirety.

Given the elimination of the mezzanine risk position held by the Green Bank that would result from the restructured facilities explained above, and the overall reduction in credit exposure to PosiGen which will leave the Green Bank with 100% senior secured funding positions against the assets and cash flows identified above, staff recommends approval by the Board of the proposed arrangements.

## Resolutions

**WHEREAS**, the Connecticut Green Bank (“Green Bank”) has an existing partnership with PosiGen, Inc. (together with its affiliates and subsidiaries, “PosiGen”) to support PosiGen in delivering a solar lease and energy efficiency financing offering to LMI households in Connecticut;

**WHEREAS**, the Green Bank Board of Directors (“Board”) previously authorized and later amended the Green Bank’s participation in a credit facility (the “BL Facility”) encompassing all of PosiGen’s solar PV system and energy efficiency leases in the United States as part of the company’s strategic growth plan, in an amount not to exceed \$14 million;

**WHEREAS**, the Board previously authorized and later amended the Green Bank’s ability to lend additional funds to PosiGen under the separate PBI-only facility (the “PBI Facility”) in addition to the BL Facility, provided that Inclusive Prosperity Capital (“IPC”) would participate in said PBI Facility and Green Bank capital outstanding under the PBI facility (net of IPC’s participation) would not exceed \$5 million total;

**WHEREAS**, PosiGen intends to refinance the existing BL Facility by replacing mezzanine capital sourced from the Green Bank with capital sourced from another capital provider, and plans to attract equity investors including New Island Capital (“New Island”) (collectively, the mezzanine refinancing and the preferred financing referred to as the “PosiGen Refinancing”) as explained in the memorandum to the Board dated March 23, 2020 (the Board Memo”);

**WHEREAS**, in order to participate in the PosiGen Refinancing, New Island seeks to liquidate its senior loan to PosiGen secured by the REA portfolio and the Green Bank staff has recommended that the Green Bank redeploy a portion of the capital returned to the Green Bank by way of the PosiGen Refinancing into the senior lending position against the REA portfolio held by New Island;

**WHEREAS**, in order to make efficient use of performance based incentive collateral (the “PBI Collateral”) and to redeploy a portion of the capital returned to the Green Bank by way of the PosiGen Refinancing, staff recommends (a) increasing the PBI Facility supported by the PBI Collateral to permit additional advances by Green Bank that can be supported by the PBI Collateral and (b), if requested (on one or more occasions) by IPC within ninety (90) days of these resolutions and provided the PosiGen Refinancing takes place in its entirety as explained in the Board Memo, the Green Bank may fund additional investment against the PBI Collateral in order to reduce IPC’s participation, as it may request, to zero.

**NOW**, therefore be it:

**RESOLVED**, that the Board approves of the PosiGen Refinancing provided that Green Bank capital outstanding under the BL Facility does not exceed \$6.8 million;

**RESOLVED**, that the Green Bank Board authorizes the Green Bank to lend additional funds to PosiGen under the PBI Facility provided that Green Bank capital outstanding under the PBI Facility does not exceed \$10 million;

**RESOLVED**, that the Green Bank Board authorizes the Green Bank to consent to an increase in the advance rate by Ares Capital against the back leverage portfolio as explained in the Board Memo;

**RESOLVED**, that the proper Green Bank officers are authorized and empowered to do all other acts and negotiate and deliver all other documents and instruments as they shall deem necessary and desirable to effect the above-mentioned legal instruments.

Submitted by: Bert Hunter, EVP and CIO



CONNECTICUT  
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