



**BOARD OF DIRECTORS OF THE  
CONNECTICUT GREEN BANK**  
Special Meeting Minutes

Wednesday, September 23, 2020  
2:00 p.m. – 3:00 p.m.

A special meeting of the Board of Directors of the **Connecticut Green Bank (the “Green Bank”)** was held on September 23, 2020.

**Due to COVID-19, all participants joined via the conference call.**

Board Members Present: Eric Brown, Binu Chandy, John Harrity, Michael Li, Steve Meier, Matthew Ranelli, Lonnie Reed, Brenda Watson

Board Members Absent: Thomas Flynn, Kevin Walsh

Staff Attending: Sergio Carrillo, Mackey Dykes, Brian Farnen, Bryan Garcia, Bert Hunter, Jane Murphy, Cheryl Samuels, Eric Shrago, Ariel Schneider, Michael Yu, Nicholas Zuba, Selya Price

Others present: None

**1. Call to Order**

- Lonnie Reed called the meeting to order at 2:06 pm.

**2. Public Comments**

- No public comments.

**3. Consent Agenda**

- a. Meeting Minutes of July 24, 2020

**Resolution #1**

Motion to approve the meeting minute of the Board of Directors for July 24, 2020.

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

**b. USDA RUS RESP Loan Application**

- Bryan Garcia gave a brief background of the process of the application to the Rural Energy Savings Program.

**Resolution #2**

**WHEREAS**, consistent with its Comprehensive Plans, the Connecticut Green Bank (“Green Bank”) has been seeking opportunities over the past five (5) years to access low-cost and long-term federal funding from the United States Department of Agriculture (“USDA”), United States Department of Energy (“DOE”), and other agencies to support its mission;

**WHEREAS**, on April 2, 2020, the Rural Utilities Service (“RUS”) of the USDA issued within the Federal Register (Vol. 85, No. 64), an “Announcement of Funding Availability, Loan Application Procedures, and Deadlines for the Rural Energy Savings Program (“RESP”)”;

**WHEREAS**, on April 29, 2020, the American Green Bank Consortium, a membership organization for green banks, informed the Green Bank of the RESP, and provided technical assistance resources to the Green Bank through the Environmental and Energy Study Institute;

**WHEREAS**, on May 14, 2020, the Green Bank filed a Letter of Intent (“LOI”) with the RUS for a RESP Loan, including an overview of the organization, proposed program descriptions consistent with its Comprehensive Plan, evaluation, measurement, and verification framework, balance sheet, eligible Connecticut towns, and performance measures and indicators; and

**WHEREAS**, on July 1, 2020 the USDA notified the Green Bank that it had received and reviewed its LOI, and invited it to proceed with a full application for a \$10 million RESP Loan; and

**WHEREAS**, on July 24, 2020 the Green Bank Board of Directors (the “Board”) approved a resolution to empower staff to approve and submit to USDA application documents as needed in pursuit of a RESP Loan USDA; and

**WHEREAS**, on September 11, 2020 the Connecticut Green Bank submitted to USDA ahead of USDA’s September 28, 2020 deadline a full RESP Loan application package.

**NOW**, therefore be it:

**RESOLVED**, that the Board of the Green Bank, pursuant to the information provided by the Staff in a memo dated September 15, 2020, has determined that for the purpose of Code of Federal Regulations Secs. 1719.5(b)(3)(E), the financial forecast submitted to USDA by the Green Bank as part of its RESP Loan application package is deemed approved; and

**RESOLVED**, that the Board of the Green Bank, pursuant to the information provided by the Staff in a memo dated September 15, 2020, has determined that for the purpose of Code of Federal Regulations Secs. 1719.5(b)(3)(F), the implementation plan submitted to USDA by Green Bank as part of its RESP Loan application package is deemed approved.

**Upon a motion made by Matthew Ranelli and seconded by John Harrity, the Board of**

**Directors voted to approve Resolution 2. None opposed or abstained. Motion approved unanimously.**

- Bryan Garcia introduced Sergio Carrillo, who is replacing Selya Price as the Director of the Incentive Programs. Selya Price will be transitioned to the position of Special Advisor to the CEO.

**4. Investment Updates and Recommendations**

**a. C-PACE Project Acquisitions(s) – Clean Fund**

- Bert Hunter summarized how the enactment of Executive Order 7S affected the Green Bank's portfolio, specifically part of private securitizations with the Clean Fund. Discussions internally lead to the realization that a restructure would be the best way to handle the challenges to the transactions within the program due to COVID-19 and requested deferments by borrowers.
- Michael Yu discussed the Clean Fund bond structure and history in more detail. Due to COVID-19 and economic uncertainty, many borrowers requested deferrals which clash with the restrictions currently in place under the bond structure which was compounded by a follow-on securitization of the bonds, and as more CPACE borrowers under this structure are anticipated to defer, restructuring will become an increasingly time intensive and costly process. So, by bringing the transactions back to the Green Bank – managing such restructured finance agreements will be easier to manage – particularly if property owners miss additional payments. Starting with Tranche 1, all 9 borrowers have agreed to restructure the \$5.6 million current outstanding BAL. It would effectively move one payment from now until the end of the term which has minimal impact to the interest rate.
- Michael Yu reviewed the illustrative BAL restructuring to give more clarity to the economic impact breakdown. He explained the general process and flow of the restructuring.
  - Lonnie Reed asked how the Clean Fund responded to the process changes. Bert Hunter answered that for Tranche 1, since the portfolio is contained within another securitization, they would not be able to do an accelerated transaction. Tranche 1 would have to be handled transaction-by-transaction and would require lender consent to be received.
  - Matthew Ranelli asked, per the memo, that most of the borrowers are amenable to refinancing, however if there is a borrower who is not amenable who may hold the process up, is there anything in place to incentivize them. Bert Hunter clarified that since the writing of the memo, all the borrowers within Tranche 1 have agreed to the terms.
  - Matthew Ranelli also asked if there is anything that can be done within the bond agreement to cover the pre-payment premiums. Bert Hunter answered that unfortunately there is no way around that fee, though it was researched extensively.
  - Steve Meier asked if a 6-months deferral (1 payment) will be enough for the borrowers. Bert Hunter said it has been the practice so far to agree to a 1 payment deferral for C-PACE, typically 6 months, and staff would keep in touch with customers to monitor their progress.

**Resolution #3**

**WHEREAS**, pursuant to Section 16a-40g of the Connecticut General Statutes (as amended, the “Act”), the Connecticut Green Bank (“Green Bank”) established a commercial sustainable energy program for Connecticut, known as Commercial Property Assessed Clean Energy (“C-PACE”);

**WHEREAS**, pursuant to the Act and its Bylaws, Green Bank previously entered into certain C-PACE financing agreements (the “Financing Agreements”), more particularly described in that certain memorandum to the Green Bank Board of Directors (the “Board”) dated September 15, 2020 (the “Memo”);

**WHEREAS**, the Financing Agreements were securitized through a private-placement bond issuance, which structure included assignment of the Financing Agreements to a trustee under a master indenture of trust and Green Bank retaining a subordinated portion of the bonds which were issued;

**WHEREAS**, on June 13, 2018 the Board approved a Loan Loss Decision Framework and Process, as amended on April 24, 2020 to address the impacts of COVID-19 (the “Loss Process”), which established the process of dealing with provisional loss reserves, restructurings, and write-offs for assets on Green Bank’s balance sheet; and

**WHEREAS**, in accordance with the Loss Process, Green Bank staff seeks Board approval to restructure the Financing Agreements (collectively the “Restructured Financing Agreements”), as more particularly described in the Memo.

**NOW**, therefore be it:

**RESOLVED**, that the President of the Green Bank and any other duly authorized officer of the Green Bank is authorized to execute and deliver the Restructured Financing Agreements, with terms and conditions consistent with the Memo, as he or she shall deem to be in the interests of the Green Bank and the ratepayers no later than 120 days from the date of this Board meeting; and

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

**Upon a motion made by Matthew Ranelli and seconded by Brenda Watson, the Board of Directors voted to approve Resolution 3. None opposed or abstained. Motion approved unanimously.**

**5. Financing Programs Recommendations**

**a. C-PACE Transaction - Cheshire**

- Mackey Dykes summarized the C-PACE project in Cheshire, CT. He reviewed the history of the owning company and project details. He noted the significant delay in the current ZREC auction results, which are expected within the next 2 weeks but stated that this project would need a large ZREC, and so it would not close until that ZREC has been awarded. Mackey Dykes clarified that Board approval would be contingent on the ZREC award.

- Steve Meier asked if there are specific minimum target rates for the Savings Investment Ratio. Mackey Dykes answered that the program and statute require that it be 1 or greater.
- Lonnie Reed noted the company does not even have a mortgage on the property and is financially healthy, which Mackey Dykes confirmed. Michael Yu added that the company has a large push for sustainable goals and setting a good example.
- Binu Chandy asked about the Feasibility Study Loan within the Resolution. Mackey Dykes answered that it is template wording which has been used in C-PACE related Resolutions, so it can be stricken from the Resolution if need be. Brian Farnen stated we can remove reference to the feasibility study.
- Matthew Ranelli asked if the award of the ZREC needs to be added to the Resolution. Mackey Dykes agreed that the amendment should be included.

#### **Resolution #4**

**WHEREAS**, pursuant to Section 157 of Public Act No. 12-2 of the June 12, 2012 Special Session of the Connecticut General Assembly and as amended (the "Act"), the Connecticut Green Bank (Green Bank) is directed to, amongst other things, establish a commercial sustainable energy program for Connecticut, known as Commercial Property Assessed Clean Energy ("C-PACE");

**WHEREAS**, the Green Bank Board of Directors (the "Board") has approved a \$40,000,000 C-PACE construction and term loan program;

**WHEREAS**, the Green Bank seeks to provide a **\$2,034,623** construction and (potentially) term loan under the C-PACE program to The Lane Construction Corporation., the building owner of 90 Fieldstone Ct, Cheshire, Connecticut (the "Loan"), to finance the construction of specified clean energy measures in line with the State's Comprehensive Energy Strategy and the Green Bank's Strategic Plan; and

**NOW**, therefore be it:

**RESOLVED**, that the President of the Green Bank and any other duly authorized officer of the Green Bank is authorized to execute and deliver the Loan in an amount not to be greater than one hundred ten percent of the Loan amount with terms and conditions consistent with the memorandum submitted to the Committee dated September 23, 2020, and as he or she shall deem to be in the interests of the Green Bank and the ratepayers no later than 120 days from the date of authorization by the Board of Directors;

**RESOLVED**, that before executing the Loan, the President of the Green Bank and any other duly authorized officer of the Green Bank shall receive confirmation that the C-PACE transaction meets the statutory obligations of the Act, including but not limited to the savings to investment ratio and lender consent requirements; and

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

**Upon a motion made by Brenda Watson and seconded by Steve Meier, the Board of Directors voted to approve Resolution 4. None opposed or abstained. Motion approved**

unanimously.

**b. C-PACE Program Guidelines – Proposed Revisions**

- Mackey Dykes explained the changes to the C-PACE program guidelines which includes the creation of new defined terms and changes in relation to an exception to the Effective Useful Life for restructurings.
- Matthew Ranelli asked if the wording of the definition of “restructuring” is a loophole to get around restructuring versus refinancing. He also noted his discomfort with the language about Useful Life, as it seems open ended, and asked if a limit has been considered beyond the end of the Useful Life. Thirdly, Matthew Ranelli asked if there was a way to protect against someone who has taken all the depreciation and tax credits and subsequently sells the property with a C-PACE assessment on it that is “underwater”...
  - Bert Hunter asked Matthew Ranelli to further explain the possibility of the wording being used as a loophole. Matthew Ranelli clarified, and Bert Hunter answered that the definition of “refinanced” is to protect the original capital providers, to avoid providers trying to aggressively fight each other for refinancings after the original capital provider has invested considerable effort in originating the transaction. However, if an existing capital provider wants to change the terms, lower the interest, etc., then they are able to do so (as a restructuring). The group discussed the issue further.
  - Matthew Ranelli expressed his concern with the Useful Life extension possibilities. Mackey Dykes explained the 25 year limit currently in place which still affect restructurings under the changes. Matthew Ranelli clarified the potential issue with the useful life when a restructuring happens, and Bert Hunter and Mackey Dykes understood and discussed rewording the useful life limits to begin in relation to the most appropriate date based on the original agreement. Matthew Ranelli gave more feedback to possible new wording to clarify the issue. The group discussed the issue at length. They eventually agreed on a term restriction on restructuring of the lesser of 25 years or the EUL plus 30 months.
  - Brenda Watson, Michael Li, and Eric Brown had to leave the Board Meeting before the Resolution went to vote. Eric Brown returned – reestablishing quorum for Resolution #5 – and received a summary of the proposed changes. He then added his vote to the other directors’ votes.

**Resolution #5**

**WHEREAS**, Conn. Gen. Stat. Section 16a-40g (the “Authorizing Statute”) authorizes the Commercial Property Assessed Clean Energy Program (“C-PACE”) and designates the Connecticut Green Bank (“Green Bank”) as the state-wide administrator of the program; and

**WHEREAS**, the Authorizing Statute charges Green Bank to develop program guidelines governing the terms and conditions under which state and third-party financing may be made available to C-PACE.

**NOW**, therefore be it:

**RESOLVED**, the Green Bank Board of Directors (the “Board”) approves the updated C-PACE program guidelines (the “Program Guidelines”), substantially in the form of attached to

that certain memo to the Board dated September 16, 2020. The Program Guidelines shall then go through a thirty-day public comment period in accordance with Conn. Gen. Stat. Section 1-120 et seq.

**RESOLVED**, If, after the expiration of public comment period, Green Bank staff considers that significant changes are needed to the Program Guidelines as currently drafted, then Green Bank staff will seek an updated approval from the Board. If no significant changes result from the public comment process, then the final form of the Program Guidelines, as may be edited by Green Bank staff, shall be deemed approved by the Board and Green Bank staff will proceed with implementation of such Program Guidelines.

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

**Upon a motion made by Matthew Ranelli and seconded by John Harrity, the Board of Directors voted to approve Resolution 5 with an added limitation that the term of restructurings could not exceed the lesser of EUL plus 30 months or 25 years. Brenda Watson and Michael Li were unable to attend for the vote. None opposed or abstained. Motion approved.**

6. Incentive Programs Updates and Recommendations
  - a. Residential Solar Investment Program – Towards 350 MW and Sustained Orderly Development of Local Solar Industry
    - Bryan Garcia explained the status of the RSIP and its public policy goals. As well, the data shows that the local solar industry is unstable due to COVID-19. Bryan Garcia further explained the proposed changes to the RSIP with the goals of stabilizing the industry and meeting targets.

### **Resolution #6**

**WHEREAS**, the Connecticut Green Bank (Green Bank), per CGS Section 16-245ff, is responsible for implementing the Residential Solar Investment Program (RSIP) to administer a declining incentive schedule that supports the deployment of no more than three-hundred and fifty megawatts of new residential solar PV, while fostering the sustained orderly development of a local solar industry;

**WHEREAS**, on April 24, 2020, the Board of Directors of the Green Bank supported the Staff recommendation to propose a legislative increase in the RSIP to the Governor's Office and the leaders of the Energy & Technology Committee in order to revitalize, recover and stabilize the local solar industry from the impact of COVID-19 prior to the market transition from net metering to a tariff, which the Staff has proposed, but as of the date of this memo, no legislation extending the RSIP has been brought forth; and

**WHEREAS**, the RSIP is approaching the three-hundred and fifty megawatt public policy target during a time when COVID-19 has had extreme deleterious impacts on public health and the destabilization of the economy, including the residential solar PV industry in Connecticut.

**NOW**, therefore be it:

**RESOLVED**, that the Board of Directors directs the Staff of the Green Bank to seek out support from Public Utilities Regulatory Authority (PURA) to allow the Green Bank to continue to aggregate residential end-use customers installing solar PV systems beyond the current RSIP goal (Residential Aggregation);

**RESOLVED**, that given the estimate of cancellations based on an analysis of recent RSIP application approval activity, the Board of Directors supports the Staff recommendation to approve up to an additional 10 MW of RSIP applications beyond the RSIP policy target of 350 MW for a total of 360 MW, in order to achieve the RSIP policy target of 350 MW – any projects approved and completed beyond the 350 MW, would have to seek cost recovery from a source other than the current RSIP policy;

**RESOLVED**, that the Board of Directors acknowledges the significant adverse impacts COVID-19 has had on the stability of the local solar industry, and contingent on PURA's approval of the Residential Aggregation, the Board of Directors approves up to an additional 32 MW of incentives beyond the 350 MW RSIP goal from the Green Bank for residential end-use customers installing solar PV (Incentive Extension);

**RESOLVED**, that should the Board of Directors approve of the Incentive Extension, that the Staff of the Green Bank pursue any and all strategies to cost recover the Incentive Extension through a future extension to the RSIP policy, sale of RECs to the utilities through long-term procurement contracts, or other spot market or future contract sales into the Class I RPS markets in New England in a manner consistent with this memorandum; and

**RESOLVED**, that the Board of Directors requests that the Staff return with a recommendation at a future meeting for review and approval of the incentive level for RSIP beyond 350 MW (e.g., reducing the residential solar PV incentives beyond the current Step 15 levels of the RSIP).

**Upon a motion made by John Harrity and seconded by Matthew Ranelli, the Board of Directors voted to approve Resolution 6. None opposed or abstained. Motion approved unanimously. Brenda Watson and Michael Li were unable to attend for the vote. None opposed or abstained. Motion approved.**

## **7. Adjourn**

**Upon a motion made by John Harrity and seconded by Binu Chandy, the Board of Directors Meeting adjourned at 3:38 pm.**

Respectfully submitted,

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Lonnie Reed, Chairperson