



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

Friday, April 22, 2022
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 April 22, 2022.

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

Board Members Present: Binu Chandy, Matthew Dayton, Thomas Flynn, Dominick Grant, Victoria Hackett, John Harrity, Adrienne Farrar Houël, Matthew Ranelli, Lonnie Reed, Sarah Sanders, Brenda Watson

Board Members Absent: Laura Hoydick

Staff Attending: Sergio Carrillo, Shawne Cartelli, Mackey Dykes, Brian Farnen, Bryan Garcia, Sara Harari, Bert Hunter, Alex Kovtunencko, Cheryl Lumpkin, Desiree Miller, Jane Murphy, Ariel Schneider, Eric Shrago, Dan Smith

Others present: Claire Sickinger, Giulia Bambara, Greg Leventis, Jeff Deason, and Sean Murphy from Lawrence Berkeley National Laboratory

1. Call to Order

- Lonnie Reed called the meeting to order at 9:03 am.

2. Public Comments

- No public comments.

3. Consent Agenda

Bryan Garcia briefly reviewed the items on the Consent Agenda.

a. Meeting Minutes of March 23, 2022

Resolution #1

Motion to approve the meeting minutes of the Board of Directors for March 23, 2022.

b. Staff Approval of 3 C-PACE transactions

Resolution #2

WHEREAS, on January 18, 2013, the Connecticut Green Bank (the “Green Bank”) Board of Directors (the “Board”) authorized the Green Bank staff to evaluate and approve funding requests less than \$300,000 which are pursuant to an established formal approval process requiring the signature of a Green Bank officer, consistent with the Green Bank Comprehensive Plan, approved within Green Bank’s fiscal budget and in an aggregate amount not to exceed \$500,000 from the date of the last Deployment Committee meeting, on July 18, 2014 the Board increased the aggregate not to exceed limit to \$1,000,000 (“Staff Approval Policy for Projects Under \$300,000”), on October 20, 2017 the Board increased the finding requests to less than \$500,000 (“Staff Approval Policy for Projects Under \$500,000”); and

WHEREAS, Green Bank staff seeks Board review and approval of the funding requests listed in the Memo to the Board dated April 22, 2022 which were approved by Green Bank staff since the last Deployment Committee meeting and which are consistent with the Staff Approval Policy for Projects Under \$500,000;

NOW, therefore be it:

RESOLVED, that the Board approves the funding requests listed in the Memo to the Board dated April 22, 2022 which were approved by Green Bank staff since the last Deployment Committee meeting. The Board authorizes Green Bank staff to approve funding requests in accordance with the Staff Approval Policy for Projects Under \$500,000 in an aggregate amount to exceed \$1,000,000 from the date of this Board meeting until the next Deployment Committee meeting.

c. C-PACE Project in Hartford

Resolution #3

WHEREAS, pursuant to Conn. Gen. Stat. 16a-40g (the “Act”) the Connecticut Green Bank (“Green Bank”) is directed to, amongst other things, establish a commercial sustainable energy program for Connecticut, known as Commercial Property Assessed Clean Energy (“C-PACE”);

WHEREAS, pursuant to the C-PACE program, the Connecticut Green Bank Board of Directors (the “Board”) or the Connecticut Green Bank Deployment Committee (“DC”), as may be applicable, approved and authorized the President of the Green Bank to execute financing agreements for the C-PACE projects described in the Memo submitted to the Board on April 14, 2022 (the “Finance Agreements”);

WHEREAS, the Finance Agreements were authorized to be consistent with the terms, conditions, and memorandums submitted to the Board or DC, as may be applicable, and executed no later than 120 days from the date of such Board or DC approval; and

WHEREAS, due to delays in fulfilling pre-closing requirements the Green Bank will need more time to execute the Finance Agreements.

NOW, therefore be it:

RESOLVED, that the Board extends authorization of the Finance Agreements to no later than 120 days from April 22, 2022 and consistent in every other manner with the original Board authorization for the Finance Agreement.

d. Groton Subbase FuelCell Energy Project

Resolution #4

WHEREAS, FuelCell Energy, Inc., of Danbury, Connecticut (“FCE”) has used previously committed funding (the “Bridgeport Loan”) from Green Bank to successfully develop a 15 megawatt fuel cell facility in Bridgeport, Connecticut (the “Bridgeport Project”), and FCE has operated and maintained the Bridgeport Project without material incident, is current on payments under the Bridgeport Loan;

WHEREAS, FCE has requested financing support from the Green Bank to develop a 7.4 megawatt fuel cell project in Groton, Connecticut located on the U.S. Navy submarine base and supported by a power purchase agreement (“PPA”) with the Connecticut Municipal Electric Energy Cooperative (“CMEEC”) (the “Navy Project”);

WHEREAS, staff has considered the merits of the Navy Project and the ability of FCE to construct, operate and maintain the facility, support the obligations under the Loan throughout its 20-year term, and as set forth in the due diligence memorandum (the “Board Memo”) dated December 18, 2020, recommended this support be in the form of a term loan not to exceed \$8,000,000, secured by all project assets, contracts and revenues as well as a pledge of revenues from an unencumbered project as explained in the Board Memo (the “Credit Facility”);

WHEREAS, on the basis of that recommendation, the Green Bank Board of Directors (“Board”) approved of the Credit Facility, in an amount not to exceed \$8,000,000 with the provision that the Credit Facility be executed no later than 315 days from the date of authorization by the Board (June 16, 2021), which was further extended by the Board in July 2021 to October 29, 2021, which was further extended by the Board in October 2021 to December 31, 2021, which was further extended by the Board in December 2021 to January 31, 2022, which was further extended by the Board in January 2022 to March 31, 2022, and which was further extended by the Board in March 2022 to May 31, 2022;

WHEREAS, Green Bank staff has further advised the Board that the closing for the Credit Facility may close in early June 2022 and to accommodate the additional time that might be needed to execute the Credit Facility requests the permitted time to execute the credit facility be increased from not later than 529 days from the original date of authorization by the Board (May 31, 2022) to not later than 559 days from the date of authorization by the Board (i.e., to June 30, 2022);

NOW, therefore be it:

RESOLVED, that the Green Bank Board hereby approves the extension of time for the execution of the Credit Facility to not later than 559 days from the original date of authorization by the Board (i.e., not later than June 30, 2022);

RESOLVED, that the President of the Green Bank and any other duly authorized officer is authorized to take appropriate actions to provide the Credit Facility to FCE (or a special purpose entity wholly-owned by FCE) in an amount not to exceed \$8,000,000 with terms and conditions consistent with the memorandum submitted to the Board dated December 18, 2020 (the "Memorandum"), and as he or she shall deem to be in the interests of the Green Bank and the ratepayers; 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 Term Loan and participation as set forth in the Memorandum.

Upon a motion made by Victoria Hackett and seconded by Brenda Watson, the Board of Directors voted to approve the Consent Agenda which contains Resolutions 1-4. None opposed or and Matthew Ranelli abstained. Motion approved.

4. Investment Updates and Recommendations

a. Green Bank Capital Solutions – PosiGen and Generac

- Bert Hunter summarized the history of Generac and strategic partnership proposal between them and PosiGen for LMI Solar and Storage. He reviewed the Energy Storage Solutions goals, targets, benefits, and incentive levels. He explained the key aspects of the partnership which includes PosiGen paying for the purchase and installation of the batteries while Generac supplies the equipment and warranty service. The customers, starting with PosiGen's existing customer base from the former Residential Solar Investment Program (RSIP), would pay nothing upfront with either a small or no increase in payments afterwards. Generac also guarantees active dispatch incentive payments to PosiGen regardless of actual performance for the life of the program on a battery-by-battery basis. There is a combination of PURA-approved incentives (administered by the Green Bank and the utilities) which make the program possible.
- Bert Hunter explained that PosiGen submitted their request into the Capital Solutions "Open RFP" program to fund the program, which includes a \$2 million working capital line to purchase the hardware from Generac and a \$6 million term loan facility, which should cover future installations over the next 2 years and is sized specifically to the revenues that will come in from the incentive payments from the utilities over time. He reviewed the details of the facility.
 - Victoria Hackett asked if there is a percentage or focus on multi-unit homes or if the focus is for single family homes. Bert Hunter answered that for this particular arrangement, it is for single-family homes because of PosiGen's focus, though it could be expanded in the future. Victoria Hackett commented that PURA is still working on the tariff for larger systems but wanted to bring attention to it.
 - Victoria Hackett asked about the market impacts of this partnership, and what percentage of homes would the partnership serve. Bert Hunter answered that PosiGen is approaching 5,000 systems in Connecticut and this is looking to supply 2,000 systems over a 2-year period, so this is about 40-50% of their existing customer base. Some installations may be done on new customers, but

- because of parameters of the project, he does not expect there to be as many new customers due to them falling under the netting tariff.
- Victoria Hackett asked about other providers that may be interested in this kind of partnership and if there is an expectation to grow the opportunity to other companies. Bert Hunter answered that because it is through the Open RFP program, it is open to anyone else who makes the effort to submit a proposal and the Green Bank is happy to review any that are submitted.
 - Victoria Hackett asked in relation to whole-building electrification, if customers are being asked if they would like to participate to increase their system size to account for potential future electrification. Bert Hunter suggested that the Green Bank work with the team at PURA to develop the sales process to manage that sort of endeavor. Victoria Hackett clarified she meant for existing customers, and Bert Hunter responded that the Green Bank staff would have to think more on how to properly develop those kinds of additions.
 - Victoria Hackett asked about the balance of the risk for this program and why payment would be guaranteed regardless of performance. Bert Hunter answered that Generac is guaranteeing that the battery will meet the performance required for a payment under the incentive program, so if the failure of the battery to generate a whole payment occurs, Generac will make the payment whole in order to ensure a revenue stream over the 10 years.
 - Lonnie Reed commented that she is grateful companies are getting vetted and that partnerships are being made with established, successful companies and that due diligence is being performed.
 - Matthew Ranelli asked about the parameters of extensions. Bert Hunter answered that his understanding was correct, and that the Green Bank would come back to the Board for approval to finalize any extension.
 - John Harry noted he had a quick question but would ask it offline in the interest of time.
 - Matthew Dayton asked if both companies have their proper registrations, filings, etc. Bert Hunter answered that they absolutely do as those would be a condition prior to any draws – as these are standard provisions of our financing agreements.

Resolution #5

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, PosiGen is planning to expand its offerings to LMI households in Connecticut to include an affordable battery energy storage system (“BESS”) option that will provide the customer backup power during a power outage and will reduce peak demand on the electric distribution system, as more fully explained in a memorandum dated April 15, 2022 to the Green Bank Board of Directors (the “Board Memo”);

NOW, therefore be it:

RESOLVED, that the Green Bank may advance a working capital line to PosiGen for the purchase of battery energy storage systems not to exceed \$2 million on the terms substantially similar to those described in the Board Memo;

RESOLVED, that the Green Bank may further advance up to \$6 million in term loan financing to PosiGen by periodically converting such working capital advances (or any cash purchased eligible collateral owned by PosiGen or its subsidiaries that is backed by customer contracts for BESS systems) on terms substantially similar to those described in the Board Memo; and

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 affect the above-mentioned legal instruments.

Upon a motion made by John Harrity and seconded by Matthew Ranelli, the Board of Directors voted to approve Resolution 5. None opposed and Brenda Watson abstained. Motion approved.

b. Green Bank Capital Solutions – Budderfly

- Bert Hunter summarized the history of Budderfly, a CT-based Energy Efficiency as a Service company. Desiree Miller summarized the issues around energy efficiency and Budderfly's services which includes identifying a customer's energy issues and implements the energy conservation solutions while providing the capital to do so in exchange for sharing some of the customer's savings by taking over the utility bill and becoming the Customer of Record. The customer pays Budderfly based on their 10-year contract, and then Budderfly pays the utility company based on their utility usage and savings. Desiree Miller reviewed Budderfly's history and other key details, noting that it is in a serious growth mode. Budderfly also collects, analyzes the equipment data to correct issues, and uses that data to continually improve the technology and process. She reviewed the capital flow.
- Bert Hunter summarized the current debt holders within the financing structure and client market. He explained the size of the financial facility that the Green Bank is proposing which is \$5 million. He reviewed Budderfly's management, balance sheet, and other financial data points, though some information was kept confidential for the public presentation.
 - Lonnie Reed noted for clarification that Thomas Flynn on the management team for Budderfly is not the same Thomas Flynn on the Green Bank Board of Directors, and Thomas Flynn added that he has no relation.
 - John Harrity commented that the Green Bank and its teams are remarkable for how they constantly find ways to benefit the public and congratulated them on their efforts. Bert Hunter explained some of the history of how the Green Bank found Budderfly and how the relationship grew.
 - Thomas Flynn asked about the difference between the Senior and Junior debt positions. Bert Hunter answered that the collateral is the same but in a liquidation preference, collateral would first go to the Senior debt holders, and then anything else to the Junior debt holders. Thomas Flynn asked if the Pari Passu is between the Junior debt holders. Bert Hunter said that is correct.
 - Thomas Flynn asked why the Green Bank is going into the program at essentially 2.5x the investment of Connecticut Innovations. Bert Hunter answered that the Green Bank is entering based on the sizing of the Connecticut part of the collateral, are comfortable with that, and said that CI may increase their facility in the future when he had discussed the Budderfly relationship with them.

- Thomas Flynn asked about getting into the franchise sector and any risk compared to other sectors. Bert Hunter answered that the risk of the restaurant sector is franchise failure and issues due to COVID-19, but quick-serve restaurants have adapted well to COVID-19 so that has been mitigated somewhat. Thomas Flynn expressed his concern with the risk in general within the restaurant sector. Bert Hunter responded that as far as that riskier nature, what is working to the Green Bank's benefit is the growing size of Budderfly and therefore diversity in terms of credit risk – meaning that at present there are several thousand customer contracts which reduces overall risk. He summarized some details about their collection rates which is very successful and stable. Thomas Flynn commented that he still holds concerns about the risk due to the nature of the industry itself.
- Dominick Grant asked for more information about Budderfly's positioning in the market, especially in comparison to similar companies, as they are looking to grow aggressively and meeting their projections. Bert Hunter responded that though there are Energy Efficiency as a Service companies, the bigger ones are not competing within the same industry sector and are more focused on corporate and commercial real estate opportunities. As well, there is a lot of intellectual property that has been developed by Budderfly in terms of equipment and data analytics – much of which is patented, and that so much of the success of their business model is allowing franchise owners to understand what is happening with their systems and energy usage. Budderfly's analytics allows businesses to know what is happening with much more detail than other companies may provide.
- Dominick Grant asked if Budderfly has any relationships to anyone at the Green Bank either professionally or personally that should be known. Bert Hunter responded no, but Matt Ranelli answered that Budderfly is a company his firm works with but has not been part of any of the discussions between Budderfly and the Green Bank and would be abstaining from the vote. Bert Hunter stated it was new information to him.

Resolution #6

RESOLVED, that the Connecticut Green Bank ("Green Bank") is authorized to enter into a six (6) year subordinated term loan agreement with Budderfly, Inc. in a maximum cash advanced amount of \$5,000,000 together with any ancillary documentation in respect of same, as more fully explained in the memorandum to the Green Bank Board of Directors (the "Board") dated April 18, 2022; and

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 affect the above-mentioned legal instruments.

Upon a motion made by Adrienne Houël and seconded by Brenda Watson, the Board of Directors voted to approve Resolution 6. Thomas Flynn and Matthew Dayton opposed. Matthew Ranelli, Binu Chandy, and Victoria Hackett abstained. Lonnie Reed, Adrienne Houël, Brenda Watson, John Harrity, Sarah Sanders, and Dominick Grant approved. Motion approved.

Brian Farnen commented that the language in relation to which votes are counted and whether abstaining Board members are considered "in attendance and voting" in calculating a majority

vote may be discussed and adjusted in the future for clarity.

Matthew Ranelli left the meeting at 10:25 am.

5. Financing Programs Updates and Recommendations

a. Progress to Target Updates

- Mackey Dykes reviewed the progress to targets for financing programs. The Green Bank is currently at 77% of projects closed to target, which is 522 of 679 projects, and has deployed about 41% of capital, which is \$20.9 million of \$48.9 million. He reviewed the updates to the C-PACE program which has closed 12 of 33 projects for \$10 million capital deployed of \$15.2 million. He stated that overall, the Green Bank may come up a bit short for number of projects deployed but expect to meet the capital deployed goal by the end of the fiscal year. For the PPA program updates, a total of 7 projects have closed for a total of \$2.4 million in capital deployed.

6. Incentive Programs Updates and Recommendations

a. Evaluation, Measurement, and Verification for Energy Storage Solutions – Guidehouse

- Eric Shrago summarized the progress on the Energy Storage Solutions program with details on the EM&V partner selection process. Of the 4 responses received, Guidehouse was selected, and there is a request for an EM&V cost to be increased to \$1 million over the next three years to accommodate the Guidehouse's estimate of \$873,000 as well as any additional anticipated expenses, which is still well under the \$3.9 million limit to EM&V expenses as set by PURA. He noted that all the expenses are also cost-recoverable through PURA and the utility companies.

Resolution #7

WHEREAS, the Public Utilities Regulatory Authority (PURA) ordered the Green Bank, Eversource, and United Illuminating to co-administer a battery storage incentive program and as program co-administrators, the three are jointly responsible for the Evaluation, Measurement and Verification (EM&V) of the Energy Storage Solutions Program;

WHEREAS, the co-administrators need EM&V consulting support to independently assess the program's impact and ensure that it is achieving the established benefit-cost analyses; and

WHEREAS, the three co-administrators issued a joint request for proposal for partners and received 4 responses and ultimately selected the consultant as the EM&V partner for the program for the first three-year program cycle (2022-2024);

NOW, therefore be it:

RESOLVED, that the Green Bank Board of Directors authorizes staff to enter into a three-year contract with Guidehouse, Inc. for Evaluation, Measurement, and Verification Services related to the Energy Storage Solutions Program in an amount not to exceed \$1 million; 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 Term Loan and participation as set forth in the Memorandum.

Upon a motion made by Victoria Hackett and seconded by John Harrity, the Board of Directors voted to approve Resolution 7. None opposed or abstained. Motion approved unanimously.

b. Progress to Target Updates

- Sergio Carrillo summarized the progress to targets for Incentive Programs. Currently 92% of target projects have closed, which is 2,520 closed, and 95% of the target capital has been deployed, which is \$75.8 million. He stated he is confident the Smart-E targets will be met by the end of the fiscal year. He gave an update to the RSIP and RSIP-E programs, which are fully subscribed and have just received the last Class 1 REC Certification approvals from PURA for all 350 MW of RSIP. For RSIP-E, 22.9 of the 24.8 MW are in progress to be submitted for approval for Class 1 REC Certification. Sergio Carrillo continued with the SHREC and non-SHREC REC updates, which includes 46,705 projects across the different RSIP and RSIP-E REC types, putting the Green Bank in a good position to create RECs and meet the commitments made with Exelon. He summarized the RSIP and RSIP-E Step breakdown.
- Sergio Carrillo summarized the progress in the ESS program, which has plenty of Residential capacity available but no capacity available for Non-Residential projects. The meeting with PURA to discuss options for Non-Residential systems may result in PURA deciding to allow the next 3-year block of capacity to become available, pending a formal proposal, possible updates to the program design to be sure it is effective, and final decision on the matter.
- Sergio Carrillo gave an update to the RGM Replacement project which has 2,924 meters remaining to replace, though they found out more meters owned by third-party owners are also being affected by the 3G shutdown. Unfortunately, the replacement progress is being affected by a nation-wide meter and meter socket shortage.

7. Environmental Infrastructure Updates

- Bryan Garcia gave a quick update. The timeline progress is going well, continuing to engage stakeholders through the end of the fiscal year. There is an upcoming strategic retreat as well, and the plan is to assemble a draft comprehensive plan soon. He reviewed the details of the segments of environmental infrastructure and details of the strategic retreat.

Brenda Watson and Matthew Dayton left the meeting at 11:00 am.

Victoria Hackett left the meeting at 11:18 am.

8. Lawrence Berkeley National Laboratory

- Bryan Garcia introduced Greg Leventis, Jeff Deason, and Sean Murphy from Lawrence

Berkeley National Laboratory.

- Gregory Leventis gave a project overview and reasoning for the loan-level analysis of the financial performance of energy efficiency loan program portfolios. He explained which portfolios were studied, loan characteristics, and other descriptive statistics.
- Sean Murphy summarized the loan performance analysis. He primarily focused on two metrics, delinquency and loss rate. He reviewed several summaries of data, concluding with the finding that is a statistically significant relationship between credit score and delinquencies and losses. As well, there is a relationship, though not as strong of one, between AMI band and delinquencies and losses.
- Jeff Deason summarized the performance comparison with other loan products. Overall, the pooled energy efficiency loans across all programs had a lower delinquency rate compared to other types of loans. In comparison for loss rates, energy efficiency loans performed only slightly worse than KBRA Prime Auto loans, and significantly better than KBRA Tier 1 Consumer loans.
- Jeff Deason reviewed the conclusions from the study which includes that borrowers are often high credit and middle income, delinquency and loss rates are low, and that pooled across 4 programs, efficiency loans outperform most logical comparisons. The key implications of the study include that there is an opportunity for capital providers to lend at low risk while creating an efficient building stock in the process. As well, that high-credit households in lower income areas can be expected to repay their loans at a strong rate.
- Bryan Garcia thanked the LBNL team for their hard work and presentation. He also thanked DEEP for their support through the American Recovery and Reinvestment Act.
- Bert Hunter thanked the LBNL team and commented about how similar the analysis was to what the Green Bank was expecting. Jeff Deason responded that he is interested in how lenders will receive the information.
- Adrienne Houël thanked LBNL for their time and explanation.

Dominick Grant left the meeting at 11:26 am.

9. Adjourn

Upon a motion made by John Harrity and seconded by Adrienne Houël, the Board of Directors Meeting adjourned at 11:27 am.

Respectfully submitted,

Lonnie Reed, Chairperson