CONNECTICUT GREEN BANK

Board of Directors

Meeting Date

March 26, 2021

Board of Directors

Lonnie Reed
Chair

Binu Chandy
Deputy Director
DECD

Michael Li
Connecticut Department of Energy and Environmental Protection (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

Adrienne Farrar Houel

President and CEO

Greater Bridgeport Community Enterprises, Inc.

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

CONNECTICUT
GREEN BANK

March 19, 2021

Dear Connecticut Green Bank Board of Directors:

We have a meeting of the Board of Directors scheduled for **Friday, March 26, 2021 from 9:00–11:00 a.m.**

Please take note that this will be an online meeting only! Given the need to continue to maintain "social distancing" in the face of COVID-19, we are holding this meeting online only.

For the agenda, we have the following:

- **Consent Agenda** – we have approval of Meeting Minutes for January 22, 2021, and some general report-outs, including:
    - FY21 Progress to Targets (through Q2) for the Green Bank
    - FY21 Progress to Targets (through Q2) for Inclusive Prosperity Capital (IPC)
- **Investment Updates and Recommendations** – we have an update on the status of our Earth Day 2021 issuance of the Green Liberty Bond. [Note – we are currently looking to schedule a special meeting on April 2 or the week of April 5th – stay tuned]
- **Financing Programs Updates** – we are going to provide an in-depth progress to targets report out for FY 2021 financing programs – through February of 2021.
- **Incentive Programs Update** – we are going to provide an in-depth progress to targets report out for FY 2021 incentive programs – through February of 2021.
- **Other Business** – we will be providing an update on the status of our various moves to Stamford and our new headquarters in Hartford.
- **Executive Session** – we will go into executive session for personnel related matters.

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

Until then, continue to be safe, be well, and get your vaccine.

Sincerely,

Bryan Garcia
President and CEO

AGENDA

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

Friday, March 26, 2021
9:00 a.m.– 11:00 a.m.

Dial (571) 317-3122
Access Code: 846-765-309

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

1. Call to order

2. Public Comments – 5 minutes

3. Consent Agenda – 5 minutes

4. Investment Updates and Recommendations – 30 minutes

    a. Green Liberty Bonds: Series 2021 (Update)

5. Financing Programs Updates and Recommendations – 15 minutes

    a. Progress to Targets Update

6. Incentive Programs Updates and Recommendations – 15 minutes

    a. Progress to Targets Update

7. Other Business – 20 minutes

    a. Hartford Headquarters and Stamford Offices (Update)
    b. Other Business

8. Executive Session – Personnel Related Matters – 20 minutes

9. Adjourn

Join the meeting online at https://global.gotomeeting.com/join/846765309

Or call in using your telephone:
Dial (571) 317-3122
Access Code: 846-765-309

Next Regular Meeting: Friday, April 23, 2021 from 9:00-11:00 a.m.
Colonel Albert Pope Board Room at the
Connecticut Green Bank, 75 Charter Oak Avenue, Hartford

RESOLUTIONS

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

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

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 22, 2021.

4. Investment Updates and Recommendations – 30 minutes

   a. Green Liberty Bonds: Series 2021 (Update)

5. Financing Programs Updates and Recommendations – 15 minutes

   a. Progress to Targets Update

6. Incentive Programs Updates and Recommendations – 15 minutes

   a. Progress to Targets Update

7. Other Business – 20 minutes

   a. Hartford Headquarters and Stamford Offices (Update)
   b. Other Business

8. Executive Session –Personnel Related Matters – 20 minutes

Resolution #2

WHEREAS, Section 3.1 of the Connecticut Green Bank (Green Bank) Bylaws provides that the Board of Directors (Board) shall be responsible for determining or approving compensation for the officers;

WHEREAS, on June 26, 2020, the Board approved a 3.0% merit pool in its FY 2021 budget for annual merit adjustments that can range from 0.0% to 5.0%;

WHEREAS, the Green Bank has completed its annual performance review process based on the Board approved annual goals and 360-degree performance reviews from the staff;

WHEREAS, the President and C.E.O. of the Green Bank recommends a 3% merit increase for the Officers other than himself and authorizing the Chair to determine the President and C.E.O.

NOW, therefore be it:

RESOLVED, that all Officers other than the President and C.E.O. shall receive a 3% merit increase for Fiscal Year 2021; and

RESOLVED, that the Board authorizes the Chair of the Green Bank to determine the merit compensation adjustment for the President and C.E.O. for FY 2021 based on the (i) feedback of the Board members, (ii) performance towards meeting the Green Bank Board approved organizational goals for Fiscal Year 2020 and (iii) his Fiscal Year 2020 360-degree performance review.

9. Adjourn

Join the meeting online at https://global.gotomeeting.com/join/846765309

Or call in using your telephone:
Dial (571) 317-3122
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Next Regular Meeting: Friday, April 23, 2021 from 9:00-11:00 a.m.
Colonel Albert Pope Board Room at the
Connecticut Green Bank, 75 Charter Oak Avenue, Hartford

ANNOUNCEMENTS

- **Mute Microphone** – in order to prevent background noise that disturbs the meeting, if you aren't talking, please mute your microphone or phone.

- **Chat Box** – if you aren't being heard, please use the chat box to raise your hand and ask a question.

- **Recording Meeting** – per Executive Order 7B (i.e., suspension of in-person open meeting requirements), we need to record and post this board meeting.

- **State Your Name** – for those talking, please state your name for the record.

Board of Directors Meeting

March 26, 2021

Online Meeting

Board of Directors

Agenda Item #1

Call to Order

Board of Directors

Agenda Item #2

Public Comments

Introduction

New Board Member

Adrienne Farrar Houël

President and CEO

Greater Bridgeport Community Enterprises

Board of Directors
Agenda Item #3
Consent Agenda

Consent Agenda
Resolution #1

CONNECTICUT GREEN BANK

1. **Meeting Minutes** – approve meeting minutes of January 22, 2021

- **Progress to Targets (Green Bank)** – through Q2 of FY21 to be discussed in Incentive and Financing Program updates
- **Progress to Targets (IPC)** – through Q2 of FY21, they are ahead of target, including modified targets that were increased by the BOD in the January 22, 2021 meeting.

Board of Directors

Agenda Item #4a

Investment Updates and Recommendations

Green Liberty Bonds

Green Liberty Bonds

CONNECTICUT GREEN BANK

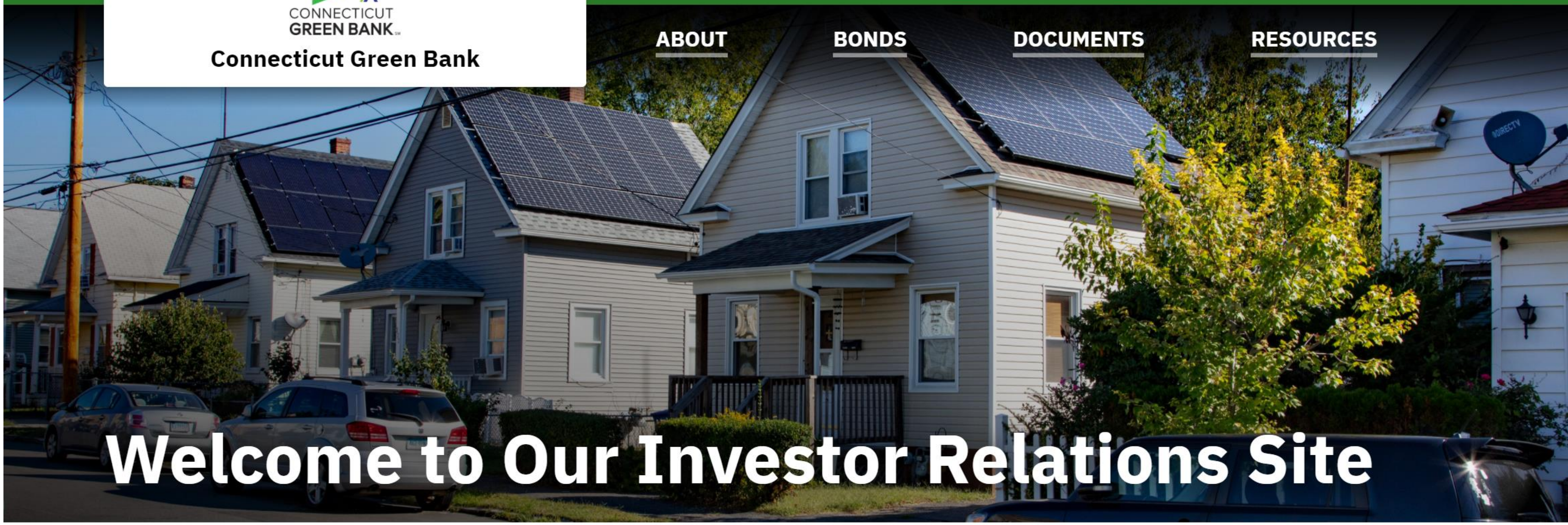
CONNECTICUT GREEN BANK

Connecticut Green Bank

BONDLINK

My BondLink Log Out

ABOUT BONDS DOCUMENTS RESOURCES



We appreciate your interest in Connecticut Green Bank's Green Liberty Bonds, which will support critical investment in clean energy and energy efficiency projects and infrastructure throughout the State.

Our 2020 issuance of Green Liberty Bonds was a success, selling out of nearly $17 million of bonds, with priority given to retail investors. These bonds helped the Connecticut Green Bank energize the green economy and confront climate change to provide all of society a healthier and more prosperous future. Through our Green Liberty Bonds, we are empowering more people to support our transition to a zero carbon economy – creating the sustainable future and modern infrastructure we want to see in our society.

ISSUER OVERVIEW NOTIFICATIONS OFF

Connecticut Green Bank

Issuer Type: State/Province

BOND RATINGS

Series 2020 Bonds

S&P

A

BONDS 1 DOCUMENTS

NEWS/EVENTS CONTACT US

RSIP
Portfolio Composition

CONNECTICUT GREEN BANK

Type	# Projects	Installed Capacity (MW)	SHREC Price ($/MWh)	Estimated RSIP Incentives ($)	Cost Recovery Treatment	Bond Issuance
Pre-SHREC	5,575	45	Spot Market	$50,240,379	Forward Contracts	
Tranche 1	6,796	49	$50	$19,153,265	ABS1	$39.6m
Tranche 2	7,257	60	$49	$20,541,641	ABS1	
Tranche 3	4,818	39	$48	$11,414,800	Green Liberty Bond 1	$16.8m (SCRF)
Tranche 4	6,957	59	$47	$17,757,620	Green Liberty Bond 2	$23.2m(e) (SCRF)
Follow-on SHRECs	12,216	98	TBD	$42,890,598	TBD	
Total	**43,619**	**350**		$144,240,683		**$79.6m**

Green Liberty Bonds
Financing Detail*

- Similar structure as 2020 GLB – ***SCRF supported***
- Approximate par amount of $23.17 million
  - Fixed rate structure
- Dates and Redemption
  - Principal due: November 15
  - Interest payable: May 15 and November 15
  - Redemption:
    - Par Call on November 15, 2031
- Denominations: $1,000
- Tax Status: Federally Taxable
  Exempt from personal income taxes of Connecticut
- Certified Climate Bonds

Series 2021	
Preliminary Amortization	
Serial Bonds	
11/15/2021	$1,179,000
11/15/2022	1,581,000
11/15/2023	1,579,000
11/15/2024	1,576,000
11/15/2025	1,577,000
11/15/2026	1,583,000
11/15/2027	1,590,000
11/15/2028	1,600,000
11/15/2029	1,610,000
11/15/2030	1,623,000
11/15/2031	1,649,000
Term Bond	
11/15/2035	$6,027,000
Total	**$23,174,000**

*Preliminary, subject to change

Green Liberty Bonds

Financing Schedule*

March 29, 2021	Self-Sufficiency Findings Presented to OTT / OPM
April 6, 2021	Special Board of Directors Meeting
April 9, 2021	Posting of POS and Investor Presentation (munios.com)
April 21, 2021	Retail Order Period
April 22, 2021 (Earth Day)	Pricing
May 11, 2021	Closing and Delivery

**Preliminary, subject to change*

Board of Directors

Agenda Item #5a

Financing Programs Updates and Recommendation

Progress to Targets Update

Finance Programs

Progress to Targets

	Projects			Capital Deployed			Capacity (MW)		
Product/Program	**Closed**	**Target**	**% to Target**	**Closed**	**Target**	**% to Target**	**Closed**	**Target**	**% to Target**
Commercial Solar PPA	11	29	38%	$3,002,756	$24,250,000	12%	1.4	14.7	10%
CPACE	19	29	66%	$13,811,386	$13,700,000	101%	1.6	4.6	35%
CPACE backed Commercial Solar PPA	1	4	25%	$405,600	$1,500,000	27%	0.1	0.7	18%
SBEA	137	1,203	11%	$2,246,194	$20,440,000	11%	0	0	0%
Multi-Family H&S	0	0	0%	$0	$0	0%	0	0	0%
Multi-Family Pre-Dev.	0	0	0%	$0	$0	0%	0	0	0%
Multi-Family Term	4	2	200%	$3,013,139	$225,000	1339%	0	0.1	41%
Strategic Investments	0	0	0%	$0	$0	0%	0	0	0%
Total	**170**	**1,273**	**13%**	**$22,145,169**	**$69,215,000**	**32%**	**3.2**	**20.7**	**15%**

Finance Programs
PPA

Projects				
Closed	**SolarMAP**	**Total**	**Target**	**% to Target**
11	28	39	29	134%

Capital Deployed				
Closed	**SolarMAP**	**Total**	**Target**	**% to Target**
$3,002,756	$24,100,000	$27,102,756	$24,250,000	112%

Capacity (MW)				
Closed	**SolarMAP**	**Total**	**Target**	**% to Target**
1.4	14.2	15.6	14.7	106%

Financing Programs

Legislative and Regulatory Updates

- **<u>HB 6571</u>** (C-PACE) – includes resiliency, exempts EV infrastructure and resiliency from SIR test, and makes other technical changes

- **<u>Docket No. 20-07-01</u>** (Non-Residential Renewable Energy Tariffs) – transition from NEM + ZREC (or LREC) structure for BTM systems to tariff-based compensation

Board of Directors

Agenda Item #6a

Incentive Programs Updates and Recommendation

Progress to Targets Update

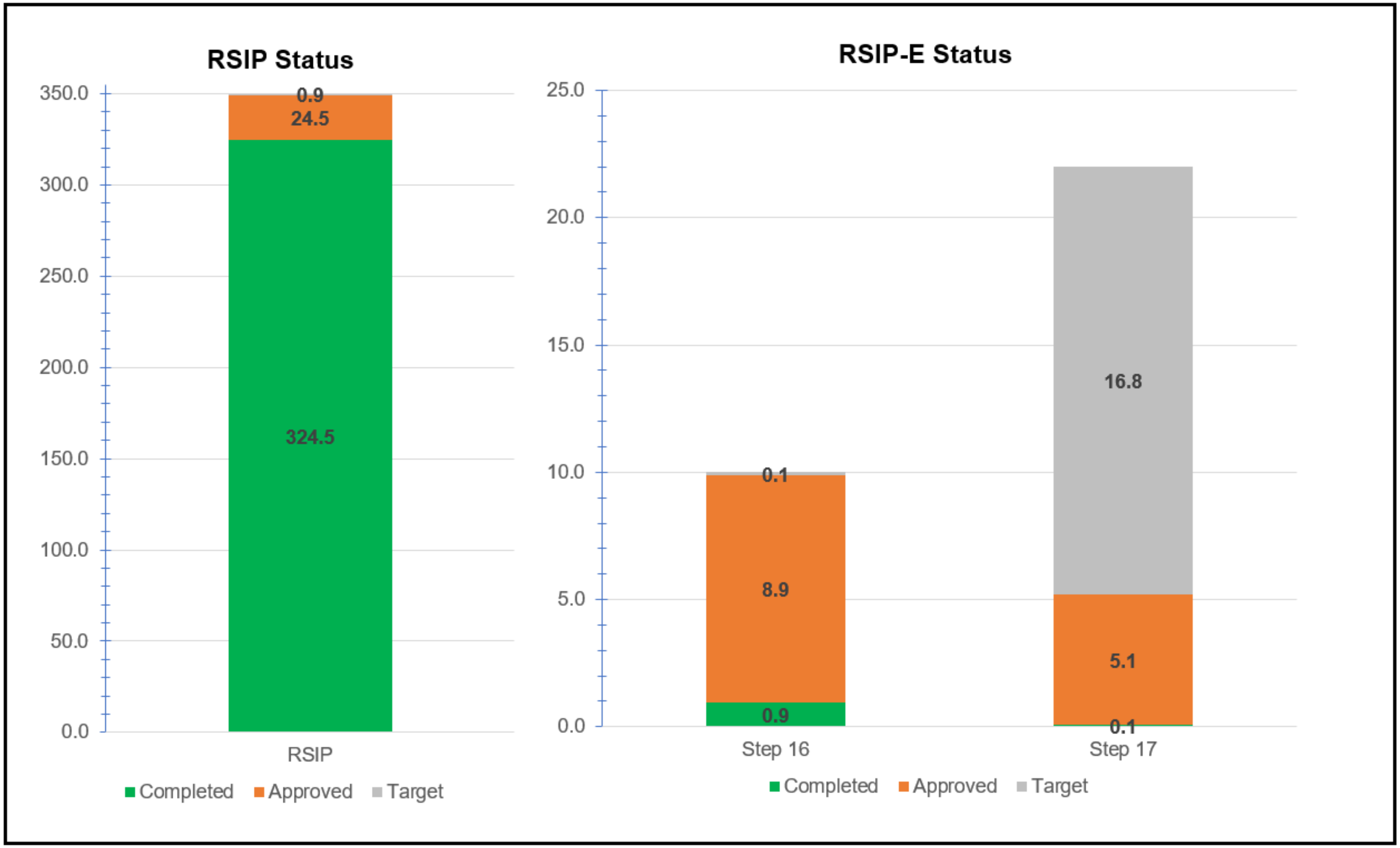
Incentive Programs

Progress to Targets

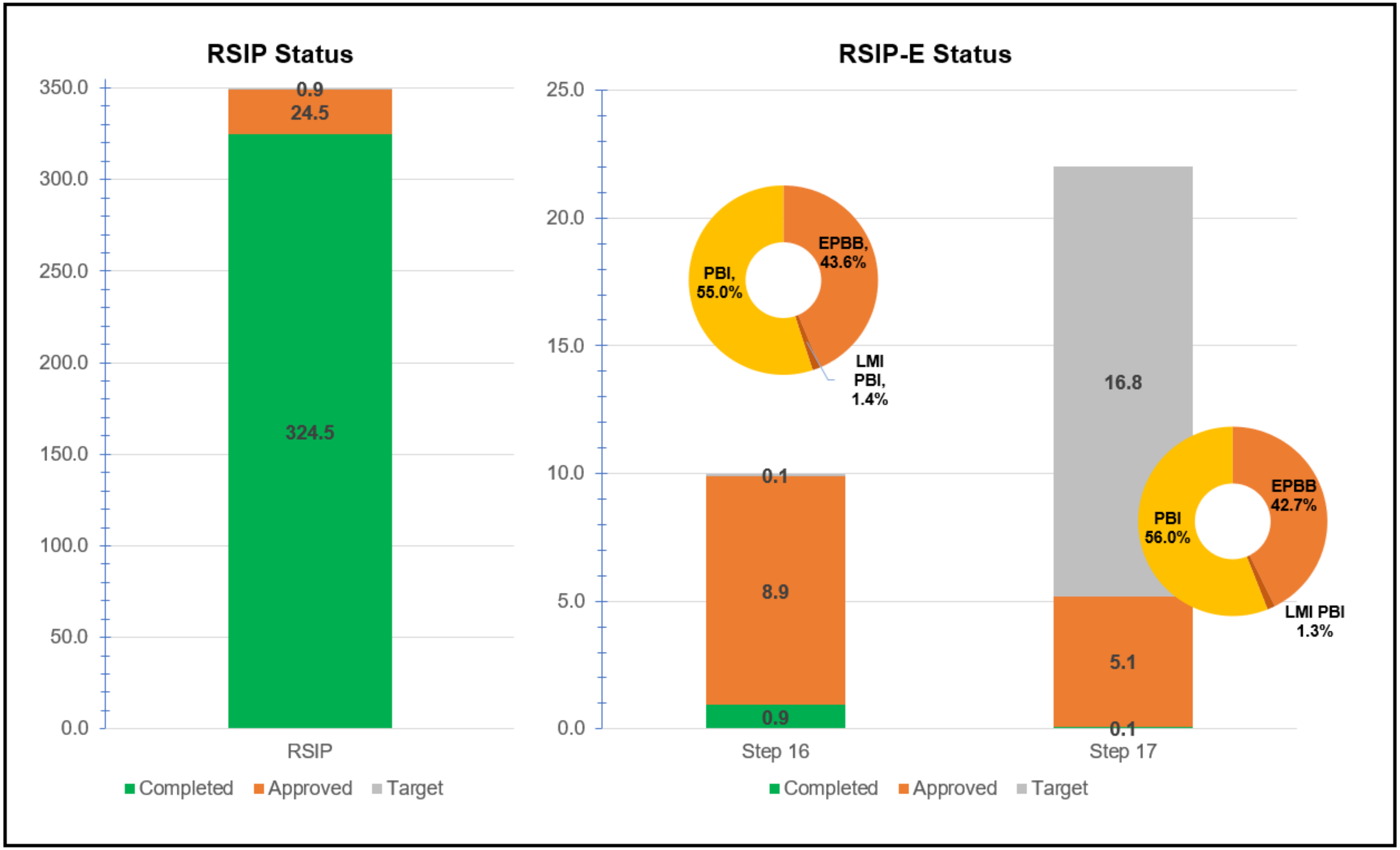
	Number of Projects			Total Capital Deployed			Capacity Approved (MW)		
Program	Target	Actuals	% to Target	Target	Actuals	% to Target	Target	Actuals	% to Target
Residential Solar	3,177	3,423	108%	$96,660,000	$106,192,950	110%	27.0	30.3	112%
Battery Storage	100	0	0%	$885,000	$0	0%	0.5	0.0	0%
Smart-E *Other*	*636*	*435*	*68%*	*$8,378,842*	*$5,750,649*	*69%*			
Smart-E *Solar*	*104*	*64*	*62%*	*$2,803,209*	*$1,718,460*	*61%*	*1.0*	*0.7*	*70%*
Smart-E Total	740	499	67%	$11,182,051	$7,469,109	67%	1.0	0.7	70%
Low Income Loans/Leases	416	482	116%	$10,102,390	$14,044,218	139%	2.7	3.3	122%

* FY21 battery storage approved with RSIP solar PV projects (no storage incentive) as of 3/17/21 are 6.26 MW, 241 projects

Incentive Programs
RSIP Status



Incentive Programs
RSIP Status



Incentive Programs
Legislative and Regulatory Updates

- **SB 952** (Energy Storage) – sets 1,000 MW target by 2030 for BTM residential and C&I, and FTM systems with Green Bank, EDCs, DEEP, and others implementing

- **Docket No. 17-12-03RE03** (Electric Storage) – 580 MW BESS standalone or paired with solar PV systems by 2030, jointly administered incentive program by Green Bank and EDCs

- **Docket No. 19-07-01** (SCEF) – present value of Subscriber Savings to support weatherization and arrearages, and CHFA LIHTC inclusion for low income Subscriber designation

- **Docket No. 20-07-01** (Residential Solar Tariffs) – LMI and "distressed communities" adders, 10% ROR, HES requirement, direct payment, beneficial electrification, and consultant role

Incentive Programs
Recent Developments

- AT&T will phase-out their 3G network in February 2022, and T-Mobile in October 2021.

- Installed residential solar PV systems could potentially lose connectivity and their ability to transfer solar generation information to our monitoring platform.

Board of Directors

Agenda Item #7

Other Business

Hartford Headquarters and Stamford Offices

Office Space

Vision in Line with Values

Community Revitalization

Excellence in Sustainability

Stamford

Status: Move Complete

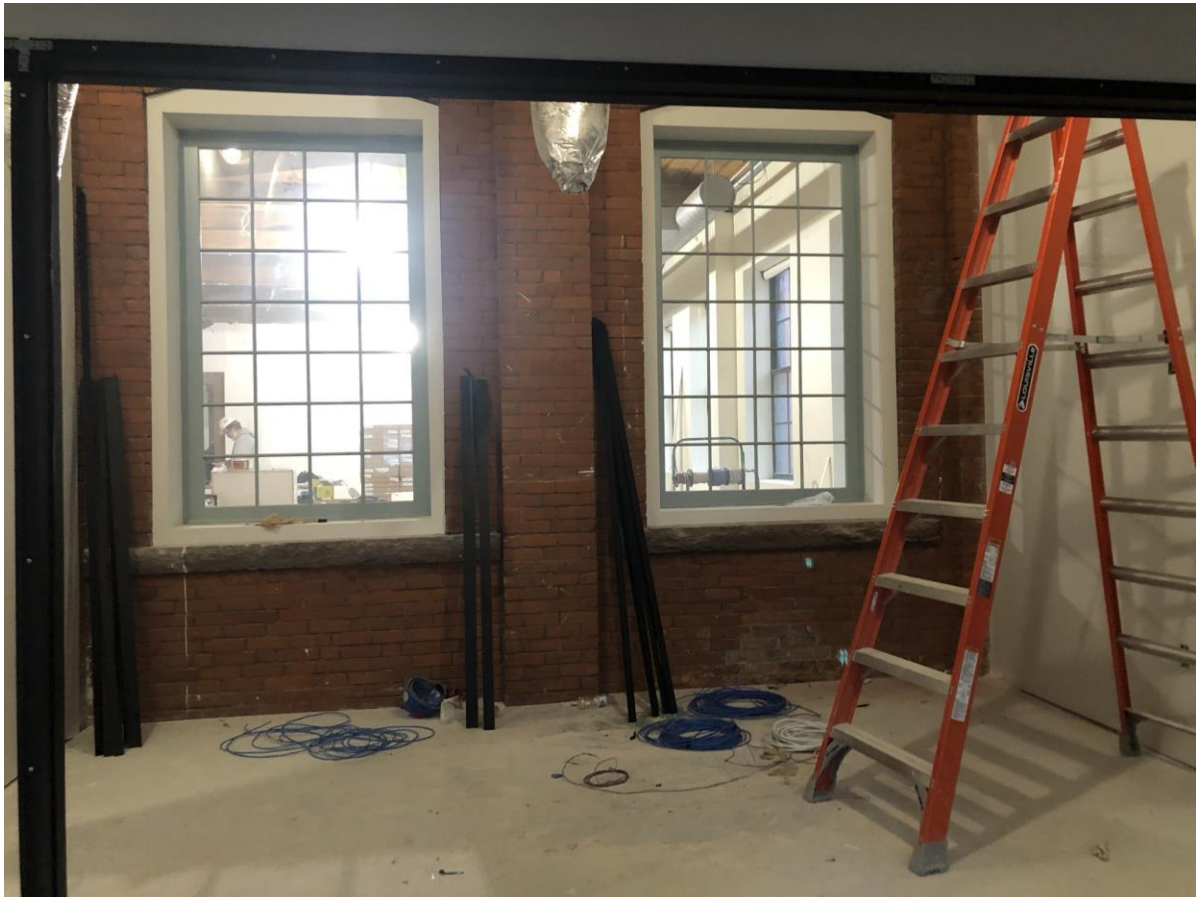
- Stamford Office moved to 700 Canal St. in November
- Office space at 300 Main St. returned to Landlord December 31
- Office is fully functional (aside from a conference room table)
- Staff are happier!
- SBEA LED lighting retrofits for the building in progress.
- Staff continuing to work with owner to develop new opportunities

Hartford

Status: Buildout in Progress.

Hartford
Move 4/15

- 3/28 – Walkthrough with Contractor and CGB
- 3/30-4/8 – Furniture delivery & installation
- 4/5 Branding installation
- 4/6-4/12 AV Installation
- 4/12 Signage installation
- 4/13-4/15 final inspection
- 4/15-4/16 Move
- 4/19 Open for business



Hartford
Sustainability

- Sealed Green Bank office space
- Installation of EV chargers in progress
- Ongoing development of canopy and rooftop solar projects
- Continued dialogue with the landlord regarding other retrofits
- Building to apply for LEED Silver status

Board of Directors

Agenda Item #8

Executive Session

Personnel Related Matters

Resolution #2

NOW, therefore be it:

RESOLVED, that all Officers other than the President and C.E.O. shall receive a 3% merit increase for Fiscal Year 2021; and

RESOLVED, that the Board authorizes the Chair of the Green Bank to determine the merit compensation adjustment for the President and C.E.O. for FY 2021 based on the (i) feedback of the Board members, (ii) performance towards meeting the Green Bank Board approved organizational goals for Fiscal Year 2020 and (iii) his Fiscal Year 2020 360-degree performance review.

Board of Directors

Agenda Item #9

Adjourn

BOARD OF DIRECTORS OF THE
CONNECTICUT GREEN BANK
Regular Meeting Minutes

Friday, January 22, 2021
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 22, 2021.

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

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

Board Members Absent: Steve Meier, Kevin Walsh

Staff Attending: Sergio Carrillo, Shawne Cartelli, Catherine Duncan, Mackey Dykes, Brian Farnen, Bryan Garcia, Bert Hunter, Matt Macunas, Jane Murphy, Selya Price, Cheryl Samuels, Eric Shrago, Ariel Schneider, Marianna Trief, Nicholas Zuba, Mike Yu

Others present: Bob Maddox, Giulia Bambara

1. Call to Order

- Lonnie Reed called the meeting to order at 9:05 am.

2. Public Comments

- Bob Maddox thanked the Board for its hard work and brought up the unsolicited auto-calls about solar energy that he has been receiving. He stated that he received about 12 calls unsolicited and followed up to find out that a company called Momentum Solar out of Stamford, CT was the source. He later identified another company, US Solar, from a call he received more recently. He wanted to bring it up that because incentives are provided by the Green Bank and to ask that contractors involved have a signed marketing agreement and ethical marketing practices in place that follow the Green Bank's policies. This would help reduce consumer frustration. Brian Farnen asked for the names of the companies as monthly meetings with the CT Department of Consumer Protection are held and the issue can be discussed with them to address in a coordinated fashion. Bob Maddox expressed his concern that the companies are not consulting the Do Not Call lists in place considering the amount of calls he received.
  - Eric Brown later commented that his participation in this Board meeting was interrupted from an automated solar energy call.

3. Consent Agenda
a. Meeting Minutes of December 18, 2020

Resolution #1

Motion to approve the meeting minutes of the Board of Directors for December 18, 2020.

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

4. Committee Updates and Recommendations
a. Budget, Operations, and Compensation Committee
i. Proposed Revisions to FY 2021 Targets and Budget

- Eric Shrago summarized the revisions to the targets and budget for FY 2021. For Incentives, the total number of projects will remain the same, but the overall capital investment and megawatt deployment is increasing with both ranges having a better understanding of what to expect for the rest of the year. For Financing programs, the number of projects and total capital are decreasing slightly though the total megawatt range is increasing.
- For the Budget, overall revenues are increasing by $1.1 million and total expenses are increasing by $154,000. The revenues are due to higher RGGI auction prices and utility remittances while the expenses are seeing an increase in administration expenses due to the increased project volume from RSIP and consulting expenses related to the RSIP close out. There are other expense changes related to the office move to Hartford, but the increases and decreases end up nearly balancing out. Compensation and Benefits are running under budget due to unrealized hiring and not operationalizing the Merit increases, which will be evaluated to realize at a later time.
- Lonnie Reed asked who does the inspections for RSIP projects. Eric Shrago stated there are town inspections due to permitting, but there are other inspections especially for new installers to verify projects are being completed to proper specification. Lonnie Reed noted that previously towns expressed concerns with inspections overwhelming them. Bryan Garcia also commented that some of that may have been mitigated through increased training that the Green Bank has provided through various programs.
- Thomas Flynn asked about the battery storage program and if those are expected to have expenses less than presented earlier in the year. Eric Shrago responded that his best estimation is that if the expenses for the battery storage program are less, then it’s possible the money will be spent elsewhere to support a different program, but he is not sure at this time, nor can he guarantee that the expenses will be proportional to the timeline currently. Bryan Garcia also stated that in the Comprehensive Plan there was a proposed 50-megawatt battery storage program, but with the recent straw proposal from PURA noting the Green Bank as a co-lead administrator with utilities of the program but at 580 megawatts, there is much to reevaluate and take into consideration.
- Thomas Flynn commented that he is trying to understand the Green Bank’s financial situation given the decrease in projects but increase in financial investment as well as the delay in other budget expenses; he is asking for the feeling of these changes and

how things are looking throughout the company. Eric Shrago responded that the Green Bank is doing better than was originally feared, so overall the feeling is positive. It could of course be better, but despite the economic situation from COVID-19, the Green Bank has plenty of opportunity to keep growing securely. He acknowledges the compensation and hiring issues do need to be addressed though and will be as soon as possible. Thomas Flynn and Eric Shrago continued to discuss the interpretation of the data in terms of investment per project, the future of RSIP, and the Green Bank's financial standing overall. Mackey Dykes also contributed some insight related to the impact of the new SolarMAP program on the targets and budget.

Resolution #2

WHEREAS, staff have reviewed progress to targets made year to date and are more able to make forecasts on our current operating environment;

WHEREAS, Budget, Operations & Compensation Committee has reviewed these updates and the members of the committee are supportive of them;

RESOLVED, Connecticut Green Bank Board of Directors approve the fiscal year 2021 budget and target adjustments outlined in the accompanying memorandum and in Attachment A. They also direct staff to extend or amend professional service agreements with the strategic partners in accordance with the terms mentioned in the accompanying memorandum.

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

ii. Proposed Revisions to Comprehensive Plan – Green Bonds US

- Bryan Garcia summarized the revisions to the Comprehensive Plan, which is now called Green Bonds US. There is a push for an emphasis on race and income-based disparity in Connecticut communities and addressing it through an explicit message of caring for each other and building a more unified community through Justice, Equity, Diversity, and Inclusion (JEDI). These points include changes to the vision statement, definitions, program goals, and targets. Other proposed revisions include changes to the Incentive and Financing Programs to include investment and benefit goals for vulnerable communities, inclusion of Green Liberty Bonds, and other various clean-ups. Bryan Garcia continue to clarify the definition of "vulnerable communities" and explained why it is important to the changes to the Comprehensive Plan.
- John Harrity commented that he greatly appreciates the changes being included as similar messages are being focused on in other companies. Brenda Watson seconded the sentiment to highlight the most vulnerable communities in need. Lonnie Reed noted that going forward, the Green Bank may position itself better to receive federal funding by more clearly articulating the community-based goals.
- Eric Brown asked if the new language aligns with the current statutory language. Bryan Garcia responded that is in alignment, and that it specifically is structured as a catch-all for whoever is most in need or disproportionately impacted by climate change, which currently are communities of color, but is flexible enough to change as needed.

Resolution #3

RESOLVED, the Connecticut Green Bank Board of Directors approve the proposed revisions to the Comprehensive Plan – Green Bonds US outlined in Attachment B;

RESOLVED, the staff work to further develop the Evaluation Framework by identifying metrics and methodologies for measuring impacts on equity, including, but not limited to income and race, from investments in and deployment of clean energy in vulnerable communities.

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

b. Overview of Asset Management

- Eric Shrago reviewed the changes to the Green Bank's Asset Management with the hiring of Karl Johnson and Sara Pyne's transition to a new position as well as the building of new tools and processes to be able to better track the information. He summarized the processes in place for general oversight, financial performance, compliance, returns, reporting, and more. Bryan Garcia also noted that the Asset Management has become very important since the sweeps, which will allow the Green Bank to better look ahead and plan for future changes. He thanked Eric Shrago for his hard work in building and managing this part of the Green Bank.
- John Harrity noted that it is not only important for the Green Bank's own self-sufficiency, but the Connecticut also Green Bank is serving as a model for others and sharing its process helps those other organizations have a better starting point which helps everyone in the long run.

5. Investment Updates and Recommendations

a. Historic Cargill Falls – Update and Recommendations

- Lonnie Reed noted the Cargill Falls update will be discussed at the end of the meeting as some of it includes proprietary information which will be presented and discussed within Executive Session.

<u>Resolution #4</u>

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 along with a $300,000 increase (the "Approved Loan Amount") to Historic Cargill Falls Mill, LLC and Putnam Green Power LLC (collectively, the "Borrower"), the property owner of 52 and 58 Pomfret Street, Putnam, Connecticut, to finance the construction of specified clean energy and energy conservation measures (the "Project") in line with the State's Comprehensive Energy Strategy and the Green Bank's Strategic Plan;

WHEREAS, the Project 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 increase the Approved Loan Amount to the Borrower to provide up to $600,000 in additional funding (the "Loan Amendment") for the mill redevelopment effort, inclusive of finalizing the existing Project work.

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 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, plus (iii) $600,000, with the terms and conditions consistent with the memorandum submitted to the board dated January 19, 2021 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 22, 2021; 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 instrument.

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

b. Fuel Cell Energy Groton Project – Update

- Bert Hunter noted that the project is coming along well. He highlighted the Green Bank's subordinated position and explained the further revised structure of the loan. The Green Bank's position is unaffected by the changes though the senior lenders are in the midst of their due diligence to the changes that affect them related to the rate and term of their loans.

6. Financing Programs Updates and Recommendations

a. C-PACE Program Guideline Amendment

- Mackey Dykes introduced Catherine Duncan to present the change to the billing system. Catherine Duncan explained it is an operational change, that at the start of the C-PACE program the implementation of Municipal Billing would make the program more attractive but as the program has grown, it has become more difficult. The proposed change is to shift the billing from the municipalities to the Green Bank. Currently the municipalities handle the billing themselves which leads to a huge variety of billing programs, processes, and presentation to customers. On the payment side, the money transferred through several hands before making it to the lien holders. Depending on the town, the processing time is also different, even up to months after an on-time payment was made. Overall, the situation leads to frustrations from both customers and investors as to who has paid what and when. The proposed change is to Administrator Billing which would be controlled through the Green Bank to create uniform billing and timing, payments received directly and timely, and eliminating the information vacuum as well as reducing costs related to municipal support of the current process. This should save the Green Bank about $45,000 to $50,000 each year as well as allow it to build better relationships with stakeholders, municipalities, and reduce the workload for everyone involved. If approved, the system would aim to be implemented for the July 2021 billing cycle.

- Matthew Ranelli asked:
  - For clarification of the statutory language and whether billing can go through someone other than the municipalities.
  - To make sure the Green Bank has reviewed the benefit assessment liens for inclusion of any language indicating billing must originate with the municipalities.
  - If consideration has been made to any impact on the collection rates as customers change from the tax collector to a private biller.
  - If any weakness or challenge in ability to foreclose on liens due to billing changes have been identified.
  - Catherine Duncan explained that outside counsel did review everything and that the Green Bank is within the ability to make the change within the current language. Brian Farnen contributed that after receiving counsel, there is no need for a statutory change to make this change in billing practice. The payment cycles will be maintained, however. He agreed that any language within the benefit assessment liens will be examined to be sure nothing needs to be adjusted, or if it does. Catherine Duncan stated the BALs have been reviewed and none of those documents refer to billing language. It is only present within the Municipal Agreements.
- Mackey Dykes added that as to the impact on collection rate, a decrease is a concern, but capital providers were contacted for feedback as to the proposed change, and they did not seem worried. Any worries that were expressed were outweighed greatly by the benefits that would be realized by changing the process. He added that there are other states with C-PACE programs that do not go through the municipalities for billing, and when comparing those states that do versus those that did not, the result was that there is no noticeable difference in the collection rates. He stated the change will be done in close coordination with capital providers as well to address any concerns that may arise.
- Thomas Flynn noted that the shift may be confusing to customers and advised to pay close attention to the transition plan to avoid potential double billing or other issues. He also suggested to include language which clarifies to customers of the shift and to work closely with the new billing provider to assure the details are in place from the start to make things as smooth as possible. Catherine Duncan commented that many of those points are being addressed, and that discussion for the provider’s contract is estimated to begin in March. The Green Bank may even be in a position to receive a reduction to the contract cost if customers are able to deposit directly. As for double billing, Catherine Duncan responded that from the Municipalities there should be a release which will alert the Tax Collectors of the changes. There will be much communication with customers however as there are concerns that they may belief the change to be fraudulent, and the Green Bank wants to make this change as transparent as possible to avoid that potential problem.
- Lonnie Reed asked for a report-back after any public comments about this change are received. Brian Farnen agreed that an update should be made to the Board on what is learned from the public comment process.

<u>Resolution #5</u>

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 January 15, 2021. 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 any substantive changes are needed to the Program Guidelines as currently drafted, then Green Bank staff will seek an updated approval from the Board. If no substantive 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 Brenda Watson and seconded by Thomas Flynn, the Board of Directors voted to approve Resolution 5. None opposed or abstained. Motion approved unanimously.

b. COVID-19 Restructuring Recommendation(s)

i. C-PACE Project (Meriden)

- Nicholas Zuba summarized the background of the Meriden Enterprise Center project, which is a two-phase project involving energy efficiency and solar improvements. The request is for an extension of deferments of C-PACE repayment from six months to one year and to extend the repayment term from 22 years to 23 years due to economic hardship from COVID-19. The Meriden Enterprise Center has offered their tenants rental relief during the pandemic in an attempt to continue to promote overall economic growth while trying to reduce their own operating costs, but the effort from those actions is still being felt. The repayment would be $43,000 for July 2021 and October 2021 payments, but then increase to $65,000 per period in January 2022.
- Thomas Flynn asked about clarification for the reason for the financial distress, as this may be felt by other projects of similar nature. He asked how this second restructuring may be a signal to other property owners who may seek a second restructuring themselves. Nicholas Zuba answered that originally 8-10 property owners have asked for deferrals, but only the Meriden Enterprise Center has asked for a second. There have not been any new requests and though it may happen, currently it does not seem

likely. If it does, there is a diligence process in place that helps guide the assessment of the requests. Mackey Dykes also noted that there is another Executive Order related to the relief of property taxes which has helped deter restructure requests. Thomas Flynn thanked Nicholas Zuba and Mackey Dykes, and advised putting together standard packages for more upfront qualifications as to when restructurings are viable for customers to better understand if they qualify or not, though commented that he hopes his concern for the situation is overstated. Matthew Ranelli also expressed his concern over a possible snowball effect between property owners.

- Matthew Ranelli asked is this restructuring is within the realm that other lenders would do. Mackey Dykes agreed that it is, it is not beyond a reasonable scope, since in the long run the Green Bank will receive more money due to interest over an extended period. More market trends were discussed by the group.

Resolution #6

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 entered into that certain Financing Agreements dated May 24th, 2013 and May 4th, 2015 (as amended, the "Loan") with 290 Pratt Street LLC, the building owners of 290 Pratt Street, Meriden CT, to finance the construction of certain clean energy measures through C-PACE;

WHEREAS, on April 24, 2020, the Green Bank Board of Directors ("Board") approved the Loan Loss Decision Framework and Process, set forth in that certain memo to the Board dated April 24, 2020, which established the process of dealing with COVID-related restructurings for assets on Green Bank's balance sheet; and

WHEREAS, Green Bank staff seeks Board approval to restructure the Loan as described in that certain memorandum submitted to the Board dated January 19, 2021 (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 any amendment, restatement or modification of the Loan, 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 John Harrity and seconded by Matthew Ranelli, the Board of Directors voted to approve Resolution 6. None opposed or abstained. Motion approved unanimously.

ii. **Solar PPA Project (Hartford)**

- Bryan Garcia noted that this item is Resolved.

7. Incentive Programs Updates and Recommendations

a. Docket No. 17-12-03REG03 – Battery Storage (Update)

- Sergio Carrillo gave an update to the battery storage docket after reviewing the timeline until current. On January 5, 2021, PURA issued a straw proposal for the program design and comments are due by January 26, 2021. The current target for a Draft Decision is March 22, 2021.
- PURA's straw proposal has proposed a program 10-times the size originally proposed by the Green Bank. The compensation structure includes an upfront incentive administered by the Green Bank and a performance-based incentive administered by the EDC. Discussion is also in the works for who will decide where and when the energy stored in the batteries will be dispatched. The Green Bank will be responsible for promoting the program, and PURA notes that the Green Bank is named the leader in transparency within its proposal. Other program considerations being examined are LMI and vulnerable communities.
- Sergio Carrillo also gave an update to the Renewable Energy Tariffs, that many of the recommendations the Green Bank made were supported by the draft decision of PURA. He highlighted the Green Bank's role shifting from more of a program administrator to a more supportive and educational role.

8. Other Business

- Matt Macunas gave a brief update to PURA Docket 17-12-03(RE04) for electric vehicle charging, as well as transit and school bus financing, the Charge Up CT promotional campaign, and the Carbon Offset Credit program.

Upon a motion made by John Harrity and seconded by Thomas Flynn, the Board of Directors Meeting entered Executive Session at 10:59 am. The Board of Directors Meeting returned from Executive Session at 11:17 am.

9. Adjourn

Upon a motion made by Matthew Ranelli and seconded by John Harrity, the Board of Directors Meeting adjourned at 11:19 am.

Respectfully submitted,

____

Lonnie Reed, Chairperson

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CONNECTICUT GREEN BANK

Memo

To: Connecticut Green Bank Board of Directors

From: Eric Shrago, Managing Director of Operations

CC: Bryan Garcia (President and CEO), Sergio Carrillo (Director of Incentive Programs), and Mackey Dykes (VP of Financing Programs and Officer)

Date: March 19, 2021

Re: Fiscal Year 2021 Progress to Targets through Q2

The following memo outlines Connecticut Green Bank (CGB) progress to targets for Fiscal Year (FY) 2021 as of December 31, 2020[1].

Table 1. Incentive Programs FY 2021 Progress to Targets

	Projects			Capital Deployed			Capacity (MW)		
Product/Program	**Closed**	**Target**	**% to Target**	**Closed**	**Target**	**% to Target**	**Closed**	**Target**	**% to Target**
RSIP	3,993	3,177	126%	$124,924,186	$96,660,000	129%	35.6	27.0	132%
Battery Storage	0	100	0%	$0	$885,000	0%	0.0	0.5	0%
Smart-E	413	740	56%	$6,300,538	$9,768,000	65%	0.6	1.0	64%
Solar for All	640	416	154%	$16,553,275	$10,102,390	164%	4.3	2.7	161%
Total	**4,533**	**3,913**	**116%**	**$132,258,454**	**$105,923,842**	**125%**	**36.8**	**27.5**	**134%**

Table 2. Smart-E Channels

Smart-E Loan Channels	**Closed**	**% of Loans**
EV	0	0%
Home Performance	40	10%
HVAC	306	74%
Solar	56	14%
(blank)	0	0%
Total	**413**	**100%**

[1] Power BI data source: https://app.powerbi.com/groups/289235dd-d77d-4043-8dae-d232a51a116a/reports/b24ec66b-a2c1-49f0-9a62-3f7443077b3f/ReportSection13c15e79a907a30b650e

Table 3. Financing Programs FY 2021 Progress to Targets

	Projects			Capital Deployed			Capacity (MW)		
Product/Program	**Closed**	**Target**	**% to Target**	**Closed**	**Target**	**% to Target**	**Closed**	**Target**	**% to Target**
Commercial Solar PPA	3	29	10%	$1,670,338	$24,250,000	7%	0.5	14.7	3%
CPACE	19	29	66%	$13,811,386	$13,700,000	101%	1.6	4.6	35%
CPACE backed Commercial Solar PPA	1	4	25%	$405,600	$1,500,000	27%	0.1	0.7	18%
SBEA	137	1,203	11%	$2,246,194	$20,440,000	11%	0.0	0.0	0%
Multi-Family H&S	0	0	0%	$0	$0	0%	0.0	0.0	0%
Multi-Family Pre-Dev.	0	0	0%	$0	$0	0%	0.0	0.0	0%
Multi-Family Term	4	2	200%	$3,013,139	$225,000	1339%	0.0	0.1	41%
Strategic Investments	0	0	0%	$0	$0	0%	0.0	0.0	0%
Total	**162**	**1,273**	**13%**	**$20,812,750**	**$69,215,000**	**30%**	**2.3**	**20.7**	**11%**

Table 4. Multi-Family Units

MFH # of Units	**Closed**
Affordable	106
Market Rate	0
Total	**106**

Table 5. CGB Totals FY 2021 Progress to Targets

	Projects			Capital Deployed			Capacity (MW)		
Segment	**Closed**	**Target**	**% to Target**	**Closed**	**Target**	**% to Target**	**Closed**	**Target**	**% to Target**
Incentive Programs	4,533	3,913	116%	$132,258,454	$105,923,842	125%	36.8	27.5	134%
Financing Programs	162	1,273	13%	$20,812,750	$69,215,000	30%	2.3	20.7	11%
Total	**4,695**	**5,186**	**91%**	**$153,071,204**	**$175,138,842**	**87%**	**39.1**	**48.2**	**81%**

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INCLUSIVE
PROSPERITY CAPITAL

Memo

To: Connecticut Green Bank Senior Team

From: Inclusive Prosperity Capital Staff

Date: March 10, 2021

Re: IPC Quarterly Reporting – Q2 FY21 (October 1, 2020 – December 31, 2020)

Progress to targets for Fiscal Year 2021, as of 12/31/2020 [1]

Product	Number of Projects	Projects Target	% to goal	Total Financed Amount	Financed Target	% to goal	MW Installed	MW Target	% to goal
Smart-E Loan	413	270	153%	$6,299,158	$3,564,000	177%	0.6	0.3	200%
Multi-Family H&S	0	0	0%	$0	$0	0%	0.0	0.0	0%
Multi-Family Pre-Dev.	0	0	0%	$0	$0	0%	0.0	0.0	0%
Multi-Family Term	4	2	200%	$2,998,3859	$225,000	1333%	0.04	0.1	41%
Solar PPA	3	27	0%	$1,670,338	$2,650,000	63%	0.5	5.6	9%
Solar For All	618	177	349	$15,803,892	$4,302,870	367%	4.1	1.2	341%

(report continues next page)

[1] Source: CT Green Bank PowerBI

PSA 5410 – Smart-E Loan

- **Volume:** Smart-E volume averaged 73 closed loans in Q2, with a mixture of traditional heating systems (i.e., boilers and furnaces), heat pump and battery storage projects under the 2.99% special offer, and solar PV projects seeking approval prior to the calendar year's end and the anticipated step down of the federal ITC.
- **Targets:** Program staff prepared a proposal to the CGB Board to increase lower band targets for Smart-E by 470 projects, $6.2 million of capital deployment, and 0.7MW of installed capacity. The proposal will be considered at the CGB Board's January 2021 meeting.
- **Smart-E 2.99% Special Offer:** Special offer volume was steady in Q2, with 60 closed loans (up from 43 in Q1). While most of the closed loans were for air source heat pumps, seven were for geothermal systems paired with data production monitors and two were for battery storage systems.

  Like with the geothermal special offer, an RFQ and application were created for contractors to complete prior to becoming eligible to offer the 2.99% battery storage promotion. The materials were developed by the Incentive Programs team with support from Smart-E program staff from IPC. Contractor uptake to the battery storage special offer was slow in Q2 with feedback including concerns of having to complete extra paperwork while already very busy with end-of-year installations. Direct contractor outreach was planned for early Q3 to better explain the RFQ and application process, and to mitigate contractor concern.

PSA 5411 – Multifamily

- Two projects closed in Q1. The first was a CPACE multifamily solar loan. The project included three solar photovoltaic systems totaling 41.08 kW at the Clippership Row Apartments located in Madison, CT, offsetting an existing electric rate of $.1899/kWh. The second project was an additional loan for the longstanding Seabury Cooperative project in New Haven, CT. The loan came from the Leviticus Fund in the amount of $645,400. This paid for a badly needed elevator replacement that was necessary for residents to remain at the property and critical for enabling the larger energy capital improvement project to continue.
- Two projects closed in Q2. The first was a CPACE multifamily loan for $220,000 to River Haven Cooperative in Stamford, CT for boiler replacements and installation of domestic hot water heaters. The second project was CHFA's funding of Mutual Housing of South Central Connecticut's Union School Apartment project in East Haven, CT. The Green Bank Multifamily Program catalyst this closing via its pre-development loan support from August 2017. The Green Bank's ~$6,500 energy audit loan eventually informed the implementation of a $2M+ CHFA-supported project.
- COVID-19 continues to impact Multifamily Program activity. With many property owners and managers stretched thin dealing with this health crisis as well as uncertainty about rental incomes and financial stability, folks have retreated. That said, we have continued with a strategic marketing and outreach approach to continue building the pipeline.
- Given the realities of the COVID crisis, during Q1, the multifamily team prioritized marketing/outreach efforts **promoting the cost saving benefits of going solar**

through the Green Bank Solar PPA. In Q2, the team continued to cultivate a portfolio of 5-10 projects that we hope to close by the end of FY'21.

- Our second priority has been **promoting the ECT Health & Safety Revolving Loan Fund**, with a focus on promoting the program to property owners that are developing projects with whom the team has relationships and we are aware of health & safety needs that can benefit from using these funds. During Q2, we underwrote a $225K H&S loan for a scattered site project of small multifamily properties owned by Bridgeport Neighborhood Trust. We have a pipeline of additional projects behind this one that we will be reviewing and underwriting in Q3.
- **We continue to provide support for long-term projects, Seabury Coop in New Haven and Success Village in Bridgeport**, that are being stabilized and preserved as affordable housing by funding energy and health and safety improvements. Both projects are moving towards the end of their respective pre-development processes and are getting closer to seeking/securing term financing for project implementation. The CT Green Bank and our funding partners continue play a critical role as lenders of last resort in these projects.
- The **expanded LIME Program** was formally discussed with the utility companies in October of Q2. Capital for Change's intent is to actively market/ open this program in spring of 2021.
    - Financial risks associated with COVID-19, specifically concern about non-payment of rents, halted announcement and deployment of the expanded Loans Improving Multifamily Energy (LIME) Loan program to serve **ALL** multifamily properties in CT, including market rate properties and those with tenant paid utilities. This program is administered by partner Capital for Change (C4C) and is capitalized by CGB and other investors.

PSA 5412 – Solar PPA

- The Green Bank Solar PPA is behind targets due to timing on state solar projects. These have been in development during the first half of the fiscal year and are expected to close in the coming calendar year.
- Despite this, utilized Sourcing and Servicing Agreement to support 3 solar PPA projects totaling .5 MW and ~$1.67M in project cost closed in the first two quarters of the fiscal year that will be transferred to IPC in Q3-Q4 of FY21.
- Responded to PPA pricing requests received by CGB staff, particularly extensive scenarios to support the Solar MAP initiative.
- Fully integrated use of IPC Salesforce Platform into pricing request process with developers.

PSA 5413 – Investment Management (LMI Solar and Green and Healthy Homes)

PosiGen Solar for All Program Management

- The PosiGen Solar for All Bristol and Mansfield / Windham campaigns concluded in October.
- The IPC, CGB, and PosiGen representatives for the Solar for All campaign have put new campaigns on hold until the PosiGen operations team is able to work through their backlog and get outstanding projects installed.
- Sales have remained high due to increased interest in energy savings as families are experiencing higher electricity usage and bills from stay-at-home orders.

- Program staff prepared a proposal to the CGB Board to increase lower band targets for Solar for All by 239 projects, $5.8 million in capital deployment and 1.5MW installed capacity. The proposal will be considered at the CGB Board's January 2021 meeting

Green and Healthy Homes Project

- The final report on the CT Medicaid ROI analysis and pilot design is with project team state agencies, including the CT Department of Public Health, for review and final sign-off. Currently waiting for the final partner sign off before releasing findings publicly.
- DEEP facilitated a working group in Q2 to talk through how funding could be secured to cover the cost of remediating health and safety barriers for low-income residents. The ultimate goal is to allow the completion of more Home Energy Solutions – Income Eligible projects. IPC continues to participate in these conversations should the project become a good fit.

Investment Management

IPC staff supported Green Bank staff on the following financings:

- **PosiGen**:
  - Ongoing portfolio monitoring, payment verification and processing, and diligence/analysis on a refinancing with a 3rd party capital source on Green Bank collateral which will result in additional 3rd party capital being driven into PosiGen investment structures (expected to close at the end of 2020).
  - IPC continues to monitor, administer, and support the Green Bank's investment position in PosiGen through IPC's non-controlling participation in the Green Bank financing facility.

- **Residential SL2 and CT Soar Loan**:
  - An IPC staff member continued to assist with the management of CT Solar Lease 2 ("SL2") and CT Solar Loan tasks, though in an advisory role as many of the administrative tasks have been transitioned to a junior CGB employee.
  - The IPC staff member continued to assist with the management and training of the employee.
  - For SL2, the IPC staff member continued to manage the relationship with Renew Financial and Assurant as both partners have new employees who need to be brought up to speed on the program servicing.
  - Ongoing larger projects that the IPC staff member led included: coordinating the finalization of an amended and restated PSA with Assurant for SL2 warranty management, and UCC tracking, invoice reconciliation and payment for SL2 and CT Solar Loan.
  - Note that all SL2 and CT Solar Loan support was intended to be fully transferred to CGB staff as of the end of 2019, though due to the IPC staff member's experience with and knowledge of the programs, he has remained involved with their ongoing management in an advisory role.

Use of DEEP Proceeds

Energize CT Health & Safety Revolving Loan Fund

- As described above, the multifamily program team has prioritized promoting the ECT Health & Safety Revolving Loan Fund, with a focus on promoting the program to property owners that are developing projects with whom the team has relationships and we are aware of health & safety needs that can benefit from using these funds. As described in the previous FY'20 metrics report out, this is being done through an experienced housing development consultant hired to spearhead outreach and applicant support for the ECT H&S RLF.
- During Q2, we underwrote a $225K H&S loan for a scattered site project of small multifamily properties owned by Bridgeport Neighborhood Trust, for a closing in Q3. We have a pipeline of additional projects behind this one that we will be reviewing and underwriting in Q3.

$5M Capital Grant

- In Q1 FY20, IPC's Board approved a $1.2M investment in Capital for Change to provide liquidity under its successful LIME Loan program offered in partnership with the Connecticut Green Bank. Although the transaction was expected to close in February 2020 under a master facility construct with CGB, in the wake of the COVID-19 outbreak, CGB funded the entirety of the LIME recapitalization in IPC's stead. IPC will continue to monitor for favorable conditions for future investment.

General Updates

Below are updates for the second quarter of FY21:

- **Capital raising**:
  - Continue to operationalize the $25M credit facility with New York Green Bank, the first credit facility that will access the Kresge Guarantee, made our first draw in December.
  - Negotiated an upsize to our revolving line of credit with CGB from $150K to $1M, approved by CGB Board in December.
  - Continued diligence with the next set of capital providers, including impact investors.

- **Business/Product Development/Initiatives of interest to Connecticut**:
  - Software licensing agreement for the NGEN platform
    - Colorado Energy Office has hit a snag with state procurement and is now considering transferring the program out of the state energy office to the CO Clean Energy Fund (their green bank) for easier contracting. This will take time.
    - Continued work with Inclusiv (the member network of CDFI/community development credit unions) and UNH Carsey (under a DOE grant) on a potential launch of a Smart-E programs in various geographies:
      - Santa Fe city/county – with an eye towards longer term expansion to statewide, Santa Fe is also considering forming a green bank;

    - Asheville, NC – with an eye towards expansion to statewide with the NC Clean Energy Fund (their new green bank);
    - Arkansas Energy Office – for a statewide program;
    - Other conversations, but no clear access to funding: Metro Louisville, KY (county), Cincinnati, Atlanta/Savannah; and
    - New York State on hold, since no program funding available, only LLR support.
  - Continued to work with a number of green banks, local governments, etc. on leveraging IPC's products and financing strategies. Working to launch multifamily lending products to Philadelphia Energy Authority and SELF, working with MI Saves, DC Green Bank, and CGC on a variety of opportunities.
  - IPC continues to participate in the following advisory councils/initiatives related to DOE grants or programs for expanded access to solar/solar financing:
    - Achieving Cooperative Community Equitable in Solar Sources (ACCESS) Stakeholder Group – National Rural Electric Cooperative Association (NRECA) is partnered with National Rural Utilities Cooperative Finance Corporation, CoBank and GRID Alternatives to make solar energy more affordable for LMI members of cooperatives. The project is engaging community and regional financial institutions.
    - NREL/NYSERDA Solar Finance Inclusion Initiative – focused on new financial products for solar energy. The financial products, described as flexible financial credit agreements (FFCAs), are focused on enabling greater participation in solar energy by LMI customers. The goal of the joint initiative is to devise ways to address persistent barriers by LMI customers solar such as income fluctuations, housing transitions or other issues.
    - Inclusive Shared Solar Initiative (ISSI) Advisory Board – the National Association of State Energy Officials (NASEO) and the National Energy Assistance Directors' Association (NEADA) seek to advance strategies that increase the scalability of LMI) community solar programs. The basis for ISSI is the NYS Solar for All program, a pilot sponsored by the NYSERDA, which improves access to community solar facilities for LMI households.
    - National Community Solar Partnership – a learning network of over 300 devoted to the expansion of community solar across the US.
- **Administrative**:
  - At the IPC Board's request, IPC staff developed a policy statement on Justice, Equity, Diversity, Inclusion & Belonging (JEDI-B) and an action plan, with a particular focus on diversification of the staff. Available here.
  - IPC successfully recruited new staff for two new positions, an Associate of Market Engagement and a Manager of Transaction Management. Recruitment began for an Associate of Program Operations/Compliance Reporting and a Senior Accountant. Kris Holz transitioned out of the organization.
  - IPC began planning with the CGB senior team a comprehensive review of IPC's status to date and work under the MOU and PSAs, to take place in the 3rd fiscal quarter.

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CONNECTICUT GREEN BANK

Memo

To: Connecticut Green Bank Board of Directors

From: Bert Hunter, EVP and CIO, Mike Yu, Director, Clean Energy Finance, David Beech, Senior Manager, Clean Energy Finance

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

Date: March 19, 2021

Re: Green Liberty Bond Update

Introduction

The purpose of this memorandum is to provide the Board of Directors with an update on the progress made by Staff toward issuing Connecticut Green Bank's (the "Green Bank") next Green Liberty Bond).

Background

Following on the success of its issuance on nearly $40 million of investment grade SHREC-backed notes in 2019 in the Asset-Backed Security ("ABS") market (private placement), on July 29th, 2020, the Green Bank issued $16,795,000 of State Supported Solar Home Renewable Energy Credit, Green Liberty Bonds, Series 2020 ("GLB") as a municipal bond. The GLBs were rated A by S&P (on the strength of the State support via a special capital reserve fund, or "SCRF") and widely distributed to both retail and institutional investors. The issuance was a success for the Green Bank due to its (a) efficient structure and low transaction cost with (b) high advance rates and low cost of capital that (c) appeal to a broad array of environmental, social, and governance-focused investors, both retail and institutional. In particular, the issuance reached retail investors, who could purchase in $1,000 denominations, furthering the Green Bank's mission to democratize clean energy investment opportunities as well as deepen our internal expertise in both municipal and mini-bonds.

The GLBs carried a weighted average coupon of 2.44% and a true-interest-cost ("TIC") of 2.61%. In comparison, on March 26, 2019, the Green Bank issued its inaugural ABS transaction backed by SHREC receivables, which carried an all-in yield of 5.246%. This ABS transaction was larger in size and marketed and placed only with institutional investors, as is normal in the asset-backed markets. Correcting for a variety of factors, including a decline in interest rates between issuances, staff estimates the 2020 GLB saved between 100 and 125 basis points off of the ABS structure, and allowed for issuance flexibility as ABS issuances below $35 to $40 million routinely suffer from a lack of investor competition (which raises yield/interest cost).

GLB Series 2020 Pricing Details

Bond Component	Par Value	Price	Average Coupon	Average Life	PV of 1 bp change
Bond Component	11,441,000.00	100.000	1.956%	5.788	6,115.02
Term Bond	5,354,000.00	100.000	2.900%	13.173	6,585.42
	16,795,000.00			8.143	12,700.44

Retail demand, a key goal for GLBs was quite strong, particularly for the 1 and 2 year maturities. The 1 year maturity was oversubscribed 4.59x, with $1.048m offered and $4.811m in orders, and the 2 year 1.50x oversubscribed. Given the demand for these shorter maturities, the underwriters were able to reduce pricing on the 1 and 2 year bonds by 5 bps and 2 bps, respectively.

						A	B	C	D	E
		UST				Pre-Marketing		Retail	Institutional	Change in
Maturity	Par	Bench	Coupon	Maturity	Yield	Spreads	~ Yields	Yields	Yields	Cpn/Yield
11/01/21	1,153,000	T2	0.125%	6/30/2022	0.159%	+ 85 bps	1.014%	1.000%	0.950%	– 5 bps
11/01/22	1,156,000	T2	0.125%	6/30/2022	0.159%	+ 95 bps	1.114%	1.100%	1.080%	– 2 bps
11/01/23	1,156,000	T3	0.125%	7/15/2023	0.190%	+105 bps	1.245%	1.250%	1.250%	+ 0 bps
11/01/24	1,155,000	T5	0.250%	6/30/2025	0.301%	+110 bps	1.408%	1.400%	1.450%	+ 5 bps
11/01/25	1,154,000	T5	0.250%	6/30/2025	0.301%	+125 bps	1.558%	1.550%	1.600%	+ 5 bps
11/01/26	1,152,000	T7	0.500%	6/30/2027	0.489%	+135 bps	1.847%	1.850%	1.900%	+ 5 bps
11/01/27	1,152,000	T7	0.500%	6/30/2027	0.489%	+145 bps	1.947%	1.950%	2.000%	+ 5 bps
11/01/28	1,150,000	T10	0.625%	5/15/2030	0.650%	+155 bps	2.204%	2.200%	2.200%	
11/01/29	1,148,000	T10	0.625%	5/15/2030	0.650%	+165 bps	2.304%	2.300%	2.300%	
11/01/30	1,146,000	T10	0.625%	5/15/2030	0.650%	+175 bps	2.404%	2.400%	2.400%	
11/01/35	5,377,000	T10	0.625%	5/15/2030	0.650%	+210 bps	2.754%	2.750%	2.900%	+ 15 bps

Tranche 4 Bond Indenture (Second Issuance of Green Liberty Bonds)

Building off the success of the inaugural GLB issuance, Staff has continued to prepare Tranche 4 for a second issuance. The target issuance date is on or around Earth Day 2021 (April 22nd) in order to maximize marketing coverage and drive retail awareness.

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 4 and provided 15-year production estimates for the portfolio. These production estimates serve as the base case for SHREC revenue projections.
- Green Liberty Bond Trustee search is in progress with outreach to [5] firms recommended by the underwriters.
- 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 and presented a rating agency presentation to the Public Finance Group at S&P.
- Green Liberty Bond Indenture (SHREC Tranche 4) drafted.
- Staff worked with the Office of the State Treasurer ("OTT") and OTT bond counsel in 2020 in drafting the Findings of Self Sufficiency for SHREC Green Liberty Bond issuance, and the Findings for the 2021 issuance are substantially the same (Appendix B 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 a Project Support Agreement (“PSA”), and potentially the SCRF.

The Green Liberty Bond issuance is structured as 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 2021’ (“Series 2021”). Subject to movements in the municipal bond market, Stifel and Ramirez & Co. (collectively the “Underwriters”) has provided the following sizing for the Series 2021 Serial and Term Bonds:

CONNECTICUT GREEN BANK

Series 2021	
Preliminary Amortization	
Serial Bonds	
11/15/2021	$1,179,000
11/15/2022	1,581,000
11/15/2023	1,579,000
11/15/2024	1,576,000
11/15/2025	1,577,000
11/15/2026	1,583,000
11/15/2027	1,590,000
11/15/2028	1,600,000
11/15/2029	1,610,000
11/15/2030	1,623,000
11/15/2031	1,649,000
Term Bond	
11/15/2035	$6,027,000
Total	**$23,174,000**

Special Capital Reserve Fund

One of the primary strategic objectives for the Green Liberty Bonds is to enable retail access to clean energy investment opportunities. Based upon the recommendations of its financial advisor and underwriters, Staff recommends 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. 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. Stifel 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 five (5) findings, principal amongst these being forecasts supported by the independent engineer’s confirmation that revenues from Tranche 4 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 draft memorandum to the Board (see Appendix B ‘Findings of Self Sufficiency for Solar Home Renewable Energy Credit (SHREC) Taxable Municipal Bond Issuance by the Connecticut Green Bank’). Staff will soon submit to the Board a request for 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 2021 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. That request will be submitted one week prior to the date of a soon to be scheduled Special meeting of the Board of Directors.

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

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CONNECTICUT GREEN BANK

FINDINGS OF SELF SUFFICIENCY FOR SOLAR HOME RENEWABLE ENERGY CREDIT (SHREC) TAXABLE MUNICIPAL BOND ISSUANCE BY THE CONNECTICUT GREEN BANK

March 19, 2021

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 \$23,000,000 to \$26,000,000 (the "Bonds") on or around Earth Day, April 22nd 2021, based on a minimum debt service coverage ratio ("DSCR") of 1.15x[1], 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. This issuance would mark the second use of a SCRF to support a Green Bank bond issuance related to SHREC Receivables. In July 2020, the Green Bank successfully issued SCRF-backed taxable municipal bonds in a principal amount of \$16,795,000 (the "Tranche 3 Bonds"). These bonds were the first "Green Liberty Bonds" – a major effort by the Green Bank to democratize access to retail investors who want to support capital investments in support of the fight against climate change. 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 the proposed issuance, as is the case with the Tranche 3 Bonds, 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

[1] Based on P90 revenue generation estimates provided by an Independent Engineer

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 (and these ratings were affirmed on April 2, 2020).[2]

On July 29th, 2020, the Green Bank issued $16,795,000 of SHREC Green Liberty Bonds ("GLBs"), supported by Tranche 3. The GLBs were rated A by S&P, based on the credit support offered by the SCRF (see Exhibit H), and widely distributed to both retail and institutional investors. The issuance was a success for the Green Bank due to its (a) efficient structure and low transaction cost with (b) high advance rates and low cost of capital that (c) appeal to a broad array of environmental, social, and governance-focused investors, both retail and institutional. In particular, reaching retail investors, who could purchase in $1,000 denominations, with this issuance furthered the Green Bank's mission to democratize clean energy investment opportunities as well as deepen our internal expertise in both municipal and mini-bonds.

Building off of the success of the Tranche 3 bonds, this bond issuance (Connecticut Green Bank SHREC series 2021 Green Liberty Bonds) will be supported by revenues from Tranche 4, comprised of 6,957 solar PV systems with a SHREC Tranche Purchase Price of $47.00 per SHREC. The Green Bank intends to issue Bonds in the maximum principal amount consistent with the debt service coverage ratio (DSCR) of 1.15, with the proceeds (net of cost of issuance) used to (i) reimburse the Green Bank for the cost of the incentives associated with the systems comprising Tranche 4, 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 4 SHRECs allocable to Tranche 4 and (iv) other costs associated with the RSIP, to the extent proceeds are available for such other costs.

[2] https://www.krollbondratings.com/login?redirect=%2Fdocuments%2Freport%2F32451%2Fabs-shrec-abs-1-llc-series-2019-1-surveillance-report

Revenue Generation - SHREC Creation and Sale Process

On a quarterly basis, the Green Bank downloads the electricity generation data from SHREC-eligible, tranched 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 30
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 (see table above for payment dates).

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.

As set forth in Connecticut general statutes and as ordered by the Connecticut Public Utility Regulatory Authority ("PURA"), 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 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. Following receipt from PURA of Class 1 certification for the SHREC systems, 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 over the 15-year life of the tranche. The NEPOOL GIS process to create a REC takes one quarter plus 15 days after generation has occurred (e.g., generation for Q1 2021 would result in Green Bank summitting data on July 10 and REC creation on July 15, 2021).
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 for the first three tranches 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.

Use of Funds / Cost Recovery	
Fund Deposits	
SCRF Reserve Account	2,136,358
RSIP Incentives (Tranche 4)	
Paid	7,983,304
Expected Payment	9,774,316
Total RSIP Incentives	17,757,620
Financing Costs	
Warehouse Fees and Expenses	148,395
Cost of Issuance - to CGB	400,000
Underwriters' Discount	278,088
Total Financing Costs	826,483
Administrative	2,453,539
Total Use of Funds	23,174,000

Bond Structure
Green Bank has engaged the underwriting services of Stifel Financial Corp. ("Stifel")") as senior manager and Ramirez & Co., Inc. ("Ramirez" or, collectively with Stifel, the "Underwriters") as co-manager to structure and price the Bonds. The principal amount issued is projected to be between $23,000,000 and $26,000,000, 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 using a SCRF as a credit enhancement in the municipal structure. Stifel's preliminary structure based on backing by a SCRF follows below:[3]

[3] While SHREC revenues are received over a 15-year period, revenues from Tranche 4 of the SHREC program which will support Series 2021 of the SHREC bonds commence on May 31, 2021, leaving approximately 14-1/2 years remaining once the Series 2021 SHREC bonds are issued.

Series 2021	
Preliminary Amortization	
Serial Bonds	
11/15/2021	$1,179,000
11/15/2022	1,581,000
11/15/2023	1,579,000
11/15/2024	1,576,000
11/15/2025	1,577,000
11/15/2026	1,583,000
11/15/2027	1,590,000
11/15/2028	1,600,000
11/15/2029	1,610,000
11/15/2030	1,623,000
11/15/2031	1,649,000
Term Bond	
11/15/2035	$6,027,000
Total	**$23,174,000**

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 6,957 residential solar PV systems expected to generate approximately 831,000 megawatt hours of electricity (MWh) over a 15-year period.[4]

As noted in Finding #5, Green Bank funding support for the Project's obligations will be documented in the Project Support Commitment and Undertaking (attached as Exhibit E).

[4] Based on DNV GL projections for the full 15-year period. Expected to generate approximately 831,000 MWh over the life of the bonds.

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 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.

<u>Findings of Self-Sufficiency ("Findings")</u>

<u>Finding 1</u>. 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, the Tranche 3 bonds, and for the bonds to be supported by Tranche 4), 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 solar PV operators in the United States. DNV GL has served as the IE on over 11 securitizations for residential and commercial/industrial solar PV portfolios with a total nameplate capacity of approximately one gigawatt.

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 being structured (by issuance size and interest rate pricing) to be 1.15x, and the other three factors set forth in CGS Section 16-245mm.

BOND SOLUTION

Connecticut Green Bank
Solar Home Renewable Energy Credit,
Green Liberty Bonds, Series 2021

Assumes 'A' Rates as of February 25, 2021 PLUS 25bps
P90 Revenues

Period Ending	Proposed Principal	Proposed Debt Service	Total Adj Debt Service	Revenue Constraints	Unused Revenues	Debt Serv Coverage
11/15/2021	1,179,000	1,467,490	1,467,490	1,687,863	220,373	115.01702%
11/15/2022	1,581,000	2,136,358	2,136,358	2,457,239	320,881	115.02000%
11/15/2023	1,579,000	2,119,022	2,119,022	2,437,167	318,144	115.01374%
11/15/2024	1,576,000	2,099,127	2,099,127	2,415,083	315,956	115.05177%
11/15/2025	1,577,000	2,078,221	2,078,221	2,390,817	312,597	115.04155%
11/15/2026	1,583,000	2,054,888	2,054,888	2,363,423	308,534	115.01465%
11/15/2027	1,590,000	2,029,279	2,029,279	2,333,687	304,408	115.00079%
11/15/2028	1,600,000	2,000,642	2,000,642	2,301,159	300,517	115.02105%
11/15/2029	1,610,000	1,968,562	1,968,562	2,264,438	295,876	115.03008%
11/15/2030	1,623,000	1,935,838	1,935,838	2,227,091	291,253	115.04533%
11/15/2031	1,649,000	1,913,310	1,913,310	2,201,380	288,070	115.05610%
11/15/2032	1,686,000	1,899,356	1,899,356	2,184,540	285,185	115.01481%
11/15/2033	1,728,000	1,881,671	1,881,671	2,165,075	283,403	115.06126%
11/15/2034	1,770,000	1,862,500	1,862,500	2,142,882	280,381	115.05403%
11/15/2035	843,000	872,842	872,842	1,004,680	131,838	115.10442%
	23,174,000	28,319,105	28,319,105	32,576,522	4,257,417	

These projections assume:

- A total of $23,174,000 financed through taxable municipal bonds;
- Special capital reserve account equal to maximum annual debt service (estimated $2,136,358) funded at close from bond proceeds.
- A weighted average taxable coupon rate of 2.758% based on interest rates assumed by the Underwriter on February 25, 2021.
- 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 P90 values and "degradation rates"[5] as provided by the independent engineer. Moreover, the bond structure is able to support generation under the more stringent P99 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 eight quarters of that bond series equal to 99.3% of P90 projections confirmed by the independent engineer using a similar diligence process prior to issuance of that bond series. Tranche 3, which supports the 2020 GLB Issuance, has yielded generation for the first four quarters equal to 106.8% of P90 projections confirmed by the Independent Engineer.

[5] 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.

Tranche 1-2 SHREC Generation (P90)

Quarter Ended	Tranche 1	Tranche 2	Total Estimated	Tranche 1	Tranche 2	Total Actual	% to P90	Cumulative
3/31/2019	8,925	11,493	20,418	9,120	11,421	20,541	100.6%	100.6%
6/30/2019	15,422	19,565	34,988	15,106	18,848	33,954	97.0%	98.4%
9/30/2019	14,897	18,928	33,825	16,004	20,079	36,083	106.7%	101.5%
12/31/2019	6,782	8,747	15,529	6,261	7,926	14,187	91.4%	100.0%
3/31/2020	8,806	11,341	20,147	9,039	11,102	20,141	100.0%	100.0%
6/30/2020	15,215	19,305	34,521	15,832	20,151	35,983	104.2%	100.9%
9/30/2020	14,696	18,677	33,373	13,889	17,897	31,786	95.2%	99.9%
12/31/2020	6.692	8.631	15.323	6.136	7,821	13,957	91.1%	99.3%

Tranche 3 SHREC Generation (P90)

Quarter Ended	Estimated	Actual	% to P90	Cumulative
3/31/2020	6,990	7,525	107.7%	107.7%
6/30/2020	12,261	13,544	110.5%	109.4%
9/30/2020	11,864	12,246	103.2%	107.1%
12/31/2020	5,295	5,577	105.3%	106.8%

- A fixed contract price of $47.00 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 four Tranches issued to date.

As noted above, these projections assume a bond issuance amount sized to a minimum 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/Moody's) 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 P90 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 4 generation will allow for self-sufficient coverage of all Project expenses and annual Bond principal and interest payments.

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 (corporate credit rating).

EVERSOURCE SYSTEM CREDIT RATINGS AS OF July 22, 2020

Company/Security	S&P current	S&P (outlook)	Moody's current	Moody's (outlook)	Fitch current	Fitch (outlook)
EVERSOURCE Parent						
Corporate Credit Rating	A-	(Stable)	Baa1	(Stable)	BBB+	(Stable)
Senior Unsecured Debt	BBB+	(Stable)	Baa1	(Stable)	BBB+	(Stable)
Commercial Paper	A-2	(Stable)	P-2	(Stable)	F-2	(Stable)
NSTAR Electric						
Corporate Credit Rating	A	(Stable)	A1	(Stable)	A	(Stable)
Senior Unsecured Debt	A	(Stable)	A1	(Stable)	A+	(Stable)
Commercial Paper	A-1	(Stable)	P-1	(Stable)	F-1	(Stable)
Preferred Stock	BBB+	(Stable)	A3	(Stable)	A-	(Stable)
CL&P						
Corporate Credit Rating	A	(Stable)	A3	(Stable)	A-	(Stable)
Senior Secured Debt	A+	(Stable)	A1	(Stable)	A+	(Stable)
Senior Unsecured Debt					A	(Stable)
Preferred Stock	BBB+	(Stable)	Baa2	(Stable)	BBB+	(Stable)

- 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.

LT Issuer/Default Rating (Outlook)	S&P	Moody's	Fitch
AVANGRID	BBB+ (Stable) A-2 CP BBB Sr. Unsecured	Baa1 (Negative) P-2 CP Baa1 Sr. Unsecured	BBB+ (Stable) F-2 CP BBB+ Sr. Unsecured
NYSEG	A- (Stable) A- Sr. Unsecured	A3 (Negative) A3 Secured A3 Sr. Unsecured	BBB+ (Stable) A- Sr. Unsecured
RG&E	A- (Stable) A Secured A- Sr. Unsecured	A3 (Negative) A1 Secured	BBB+ (Stable) A Secured A- Sr. Unsecured
CMP	A (Stable) A Sr. Unsecured	A2 (Stable) A2 Sr. Unsecured	BBB+ (Stable) A Secured A- Sr. Unsecured
UI	A- (Stable) A- Sr. Unsecured	Baa1 (Stable)	A- (Stable) A Sr. Unsecured

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^{th} 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 and if the customer is also the owner of the solar PV system, the customer may be required to pay the labor costs depending upon the warranty provisions for the particular equipment or their agreement with the installing contractor. 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 and casualty insurance policy. TPOs (approximately 81.7% of the systems in Tranche 4) 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 available under the Project Support Commitment and Undertaking noted earlier, less any amounts pledged to the holders of the SHREC Series 2019-1 Notes. 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 40,851 RSIP projects completed since 2012, all but 148 are still in operation as of March 2021, a loss rate of 0.3% over 9 years.

Finding 4. The IE conducted technical due diligence on the tranche (Tranche 4) 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 slightly below that estimated by the Green Bank (97.1% of Year 1 projections), and with slightly higher degradation rates (DNV 0.70% 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 will structure the Bonds based on a minimum debt service of 1.15x, using a P90 production scenario. And under the P99 production scenario, there is adequate coverage with a minimum projected DSCR of 1.01x. In both scenarios, there is sufficient cash flow to cover debt service, trustee fees, and Green Bank Tranche 4 administrative expenses.

	Expected Net SHREC Receivables (P50)*	Net SHREC Receivables (P90)	Net SHREC Receivables (P99)	Projected Annual Debt Serivce	P50 Debt Service Coverage	P90 Debt Service Coverage	P99 Debt Service Coverage
11/15/2021	$1,742,278	$1,687,863	$1,643,500	$1,467,490	1.19x	1.15x	1.12x
11/15/2022	2,560,604	2,457,239	2,372,268	2,136,358	1.20x	1.15x	1.11x
11/15/2023	2,542,299	2,437,167	2,348,121	2,119,022	1.20x	1.15x	1.11x
11/15/2024	2,523,611	2,415,083	2,318,401	2,099,127	1.20x	1.15x	1.10x
11/15/2025	2,504,206	2,390,817	2,283,585	2,078,221	1.20x	1.15x	1.10x
11/15/2026	2,482,887	2,363,423	2,243,468	2,054,888	1.21x	1.15x	1.09x
11/15/2027	2,460,261	2,333,687	2,199,430	2,029,279	1.21x	1.15x	1.08x
11/15/2028	2,435,633	2,301,159	2,151,569	2,000,642	1.22x	1.15x	1.08x
11/15/2029	2,407,312	2,264,438	2,098,984	1,968,562	1.22x	1.15x	1.07x
11/15/2030	2,378,910	2,227,091	2,045,291	1,935,838	1.23x	1.15x	1.06x
11/15/2031	2,363,478	2,201,380	2,001,803	1,913,310	1.24x	1.15x	1.05x
11/15/2032	2,358,081	2,184,540	1,965,919	1,899,356	1.24x	1.15x	1.04x
11/15/2033	2,350,352	2,165,075	1,927,182	1,881,671	1.25x	1.15x	1.02x
11/15/2034	2,340,091	2,142,882	1,885,612	1,862,500	1.26x	1.15x	1.01x
11/15/2035	1,100,285	1,004,680	879,129	872,842	1.26x	1.15x	1.01x

**Expected Net SHREC receivables based on P50 production. 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.*

SHREC performance for prior tranches has achieved 97.5% of their "P50 Expected Net SHREC Receivables"

<u>Finding 5.</u> The Bonds contemplated under this transaction will be supported by the Green Bank through a Project Support Commitment and Undertaking ("PSCU" – attached as Exhibit E), which will enable sources external to the economics and cash flows of the Project to provide adequate assurances that funds will be made available by Green Bank so that the likelihood of a draw upon the Special Capital Reserve Fund is remote. In addition to the statutorily mandated MPAs with the utilities for payment to the Green Bank for the SHRECS (which payments have been pledged to bondholders pursuant to the indenture), the following sources of Green Bank funds, while not pledged to bondholders, will support the undertakings by Green Bank pursuant to the PSCU:

- **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.

As of June 30, 2020, the Green Bank had a net asset position of $76.7 million.[6]

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 P90 scenario, Project revenues will 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.

Attached hereto as Exhibit A[7] 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[7] 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[7] is the Project Support Commitment and Undertaking. Attached as Exhibit F is a copy of the Preliminary Official Statement for the Bonds. Attached as Exhibit G[7] is the Green Bank's assessment of certain risk factors associated with the Bonds as set forth in the Preliminary Official Statement. Attached as Exhibit H[7] is S&P Global Ratings Service Rating Action Report.

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[6] Audited figure Connecticut Green Bank Comprehensive Annual Financial Report (p 5).
[7] NOTE – this attachment will be updated once received by Green Bank – Tranche 3 bond information provided.

Exhibit A
LETTER FROM LAMONT FINANCIAL SERVICES CORPORATION

March 17, 2021

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 (SHREC T-4). The project will sell SHRECs to the utilities representing 831,000 MW of rooftop solar capacity over 15 years.. The project is being financed with taxable bonds in the public markets. The taxable bond issue is expected to produce a total of $22-24 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, which is the term of the financings. CGB is funding the DSRF in full for maximum annual debt service in addition to the protections being provided through the Project Support Agreement or, when rated, 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 is no expected issue in any of the documentation.
3. The homeowners who are putting rooftop solar on their homes represent a very low default risk. In addition, the Equipment has warranties on the solar panels that go for over 20 years, and the inverters that are between 10-20 years. All of the installers are RSIP qualified by the Green Bank. The safety of the generation estimates is further supported by actual performance of the solar program in other financings and is a 0.3% loss rate over 9 years on the installations. As a result, we believe that the Production Risk is well managed and estimates are achievable.
4. The generation assumptions for the SHREC revenues are reviewed by an Independent Engineer. They have reviewed prior SHREC portfolios for the Green Bank, and their projections have been realized within a 1% variance. We have sized the bond issue to have 1.15X revenue coverage on the P90 expectation, which is conservative.
5. CGB will provide additional support using the Project Support Agreement (PSA). All revenues that are free to pledge in the PSA are available to the Green Bank to provide support if project revenues are insufficient in any period.

Lamont has reviewed the documentation and exercised diligence in several conversations with the CGB and agrees with the findings presented to the Board.

Rationale for Self-Sufficiency Finding

30 Two Bridges Road, Suite 205, Fairfield, NJ 07004
Phone:973-785-8900 Fax: 862-210-8023
bob@lamontfin.com

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 MW 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. 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 Project support Agreement (PSA). The PSA 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 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 PSA. However, the PSA 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 Project Support Agreement, when combined with all the other remedies that CGB has built into their agreements strongly supports the Finding of Self-Sufficiency as required to use SRCF credit support.

Yours truly,

Robert A. Lamb
President

Exhibit B

Cash Flow and Bond P&I Projections

SOURCES AND USES OF FUNDS

Connecticut Green Bank
Solar Home Renewable Energy Credit,
Green Liberty Bonds, Series 2021

Assumes 'A' Rates as of February 25, 2021 PLUS 25bps
P90 Revenues

Dated Date	05/11/2021
Delivery Date	05/11/2021

Sources:	
Bond Proceeds:	
Par Amount	23,174,000.00
	23,174,000.00
Uses:	
Project Fund Deposits:	
Project Fund	20,359,554.00
Other Fund Deposits:	
Debt Service Reserve Fund	2,136,358.00
Delivery Date Expenses:	
Cost of Issuance	400,000.00
Underwriter's Discount	278,088.00
	678,088.00
	23,174,000.00

BOND SUMMARY STATISTICS

Connecticut Green Bank
Solar Home Renewable Energy Credit,
Green Liberty Bonds, Series 2021

Assumes 'A' Rates as of February 25, 2021 PLUS 25bps
P90 Revenues

Dated Date	05/11/2021
Delivery Date	05/11/2021
First Coupon	11/15/2021
Last Maturity	11/15/2035
Arbitrage Yield	2.918145%
True Interest Cost (TIC)	3.102055%
Net Interest Cost (NIC)	3.110601%
All-In TIC	3.372352%
Average Coupon	2.951097%
Average Life (years)	7.523
Weighted Average Maturity (years)	7.523
Duration of Issue (years)	6.648
Par Amount	23,174,000.00
Bond Proceeds	23,174,000.00
Total Interest	5,145,104.86
Net Interest	5,423,192.86
Total Debt Service	28,319,104.86
Maximum Annual Debt Service	2,136,358.00
Average Annual Debt Service	1,951,546.28

Bond Component	Par Value	Price	Average Coupon	Average Life	Average Maturity Date	Duration	PV of 1 bp change
Serial Bond	17,147,000.00	100.000	2.483%	5.667	01/09/2027	5.259	8,712.50
2035 Term Bond	6,027,000.00	100.000	3.540%	12.805	02/28/2034	10.394	6,750.24
	23,174,000.00			7.523			15,462.74

BOND PRICING

Connecticut Green Bank
Solar Home Renewable Energy Credit,
Green Liberty Bonds, Series 2021

Assumes 'A' Rates as of February 25, 2021 PLUS 25bps
P90 Revenues

Bond Component	Maturity Date	Amount	Rate	Yield	Price
Serial Bond:					
	11/15/2021	1,179,000	0.770%	0.770%	100.000
	11/15/2022	1,581,000	0.970%	0.970%	100.000
	11/15/2023	1,579,000	1.070%	1.070%	100.000
	11/15/2024	1,576,000	1.390%	1.390%	100.000
	11/15/2025	1,577,000	1.860%	1.860%	100.000
	11/15/2026	1,583,000	2.060%	2.060%	100.000
	11/15/2027	1,590,000	2.430%	2.430%	100.000
	11/15/2028	1,600,000	2.630%	2.630%	100.000
	11/15/2029	1,610,000	2.840%	2.840%	100.000
	11/15/2030	1,623,000	2.990%	2.990%	100.000
	11/15/2031	1,649,000	3.090%	3.090%	100.000
		17,147,000			
2035 Term Bond:					
	11/15/2032	1,686,000	3.540%	3.540%	100.000
	11/15/2033	1,728,000	3.540%	3.540%	100.000
	11/15/2034	1,770,000	3.540%	3.540%	100.000
	11/15/2035	843,000	3.540%	3.540%	100.000
		6,027,000			
		23,174,000			

Dated Date	05/11/2021	
Delivery Date	05/11/2021	
First Coupon	11/15/2021	
Par Amount	23,174,000.00	
Original Issue Discount		
Production	23,174,000.00	100.000000%
Underwriter's Discount	-278,088.00	-1.200000%
Purchase Price	22,895,912.00	98.800000%
Accrued Interest		
Net Proceeds	22,895,912.00	

BOND SOLUTION

Connecticut Green Bank
Solar Home Renewable Energy Credit,
Green Liberty Bonds, Series 2021

Assumes 'A' Rates as of February 25, 2021 PLUS 25bps
P90 Revenues

Period Ending	Proposed Principal	Proposed Debt Service	Total Adj Debt Service	Revenue Constraints	Unused Revenues	Debt Serv Coverage
11/15/2021	1,179,000	1,467,490	1,467,490	1,687,863	220,373	115.01702%
11/15/2022	1,581,000	2,136,358	2,136,358	2,457,239	320,881	115.02000%
11/15/2023	1,579,000	2,119,022	2,119,022	2,437,167	318,144	115.01374%
11/15/2024	1,576,000	2,099,127	2,099,127	2,415,083	315,956	115.05177%
11/15/2025	1,577,000	2,078,221	2,078,221	2,390,817	312,597	115.04155%
11/15/2026	1,583,000	2,054,888	2,054,888	2,363,423	308,534	115.01465%
11/15/2027	1,590,000	2,029,279	2,029,279	2,333,687	304,408	115.00079%
11/15/2028	1,600,000	2,000,642	2,000,642	2,301,159	300,517	115.02105%
11/15/2029	1,610,000	1,968,562	1,968,562	2,264,438	295,876	115.03008%
11/15/2030	1,623,000	1,935,838	1,935,838	2,227,091	291,253	115.04533%
11/15/2031	1,649,000	1,913,310	1,913,310	2,201,380	288,070	115.05610%
11/15/2032	1,686,000	1,899,356	1,899,356	2,184,540	285,185	115.01481%
11/15/2033	1,728,000	1,881,671	1,881,671	2,165,075	283,403	115.06126%
11/15/2034	1,770,000	1,862,500	1,862,500	2,142,882	280,381	115.05403%
11/15/2035	843,000	872,842	872,842	1,004,680	131,838	115.10442%
	23,174,000	28,319,105	28,319,105	32,576,522	4,257,417	

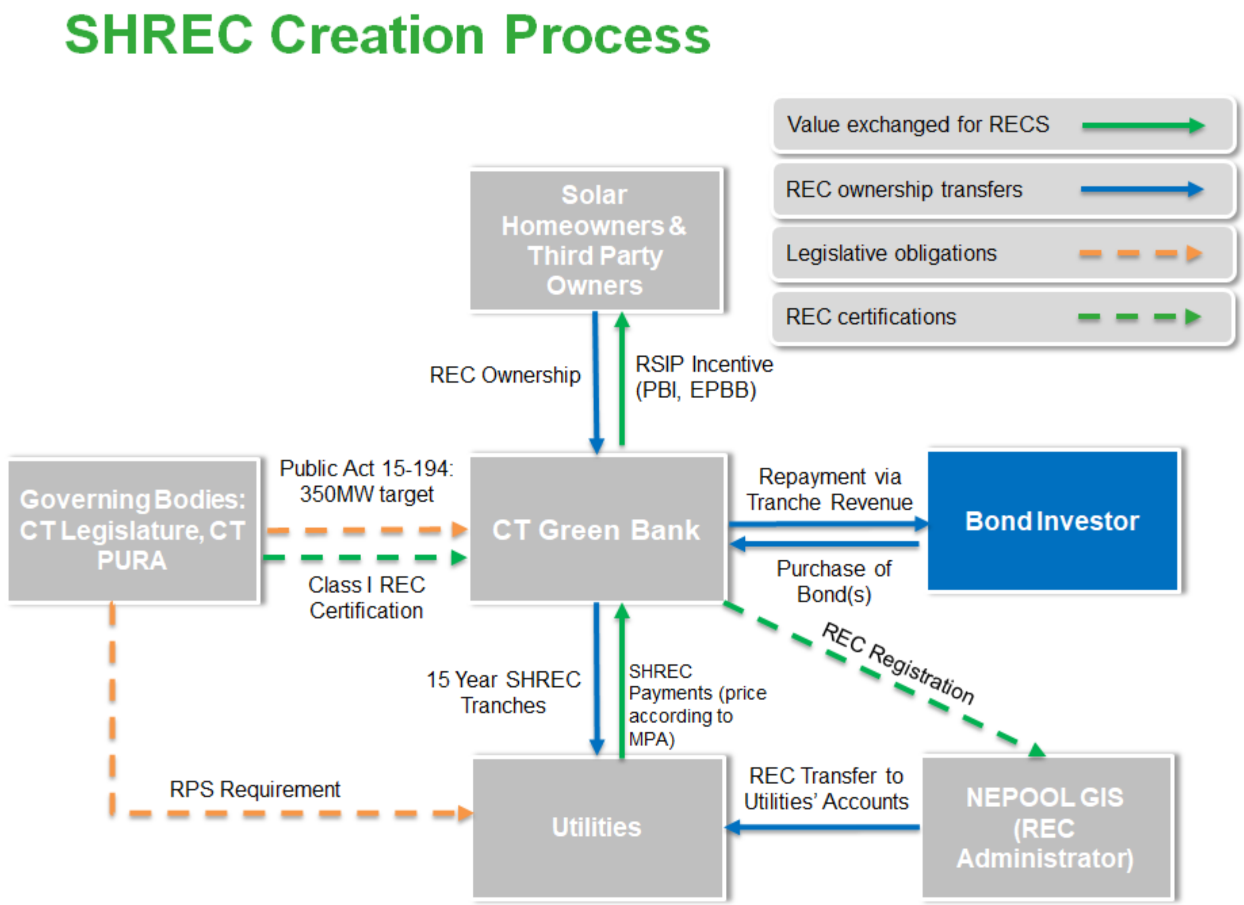
Exhibit C

Independent Engineer Report Snapshot

TO BE PROVIDED

Exhibit D

Structural diagram for the SHRECs



4823-0772-8567, v. 1

SHREC 2020
Transaction Diagram

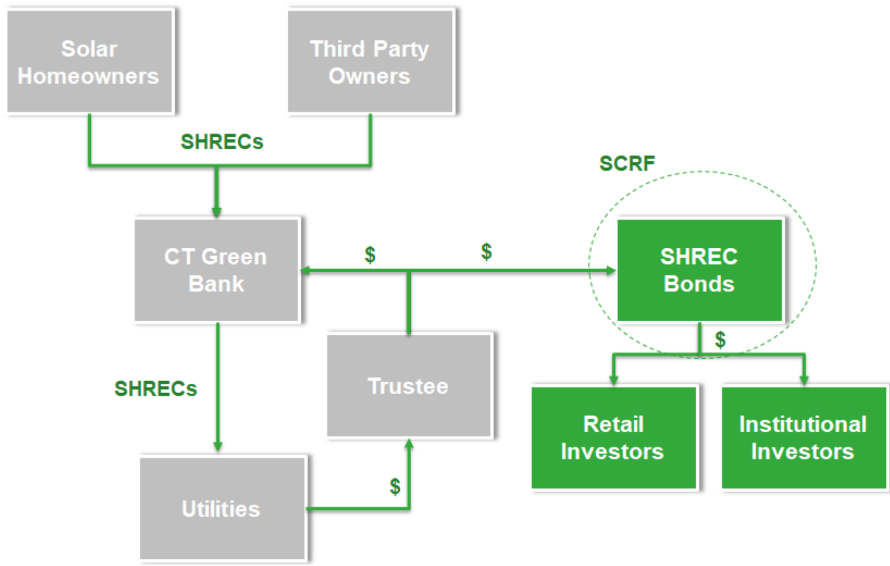


Exhibit E
Project Support Commitment and Undertaking

Attached separately

Exhibit F

Preliminary Official Statement for the Bonds

Attached seperately

Exhibit G

Green Bank's assessment of certain risk factors associated with the Bonds as set forth in the Preliminary Official Statement[8]

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 Official 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 Official Statement of the Bonds)

The following investment considerations describe certain risk factors of an investment in the Series 2021 Bonds. Additional investment considerations relating to an investment in the Series 2021 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 2021 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 2021 Bonds could result and could materially reduce the value of the Series 2021 Bonds. These and other factors could result in a loss of marketability, or of market value, of the Series 2021 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 4 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 4. 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 4 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 2021 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.

[8] 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 "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 115%. In addition, the independent engineer for the "stress case" (or "P99 case") assumes generation estimates will be exceeded by actual generation 99% of the time. . 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 eight quarters of that bond series equal to 105.1% of P50 estimates. Tranche 3, which supports the 2020 GLB Issuance, has yielded generation for the first four quarters equal to 98.65% of P50 projections confirmed by the Independent Engineer. 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 2021 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 2021 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 4 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 2021 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 18% 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 2021 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 2021 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 2021 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 2021 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 2021 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 2021 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 2021 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 4

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, SHREC Tranche 3 or SHREC Tranche 4 have been, and will be, financed through, and will secure, secured credit facilities or future securitizations. The Series 2019-1 Notes, the Tranche 3 Bonds 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 4 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 4 , 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 4 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 2021 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 2021 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 2021 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.*

Exhibit H

S&P Global Ratings

RatingsDirect®

Summary:

Connecticut Green Bank; General Obligation Equivalent Security

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Summary:

Connecticut Green Bank; General Obligation Equivalent Security

Credit Profile		
US$15.435 mil solar home renewable energy credit green libery bnds (Climate Bond Certified) ser 2020 due 11/15/2030		
Long Term Rating	A/Stable	New

Rating Action

S&P Global Ratings assigned its 'A' long-term rating to the Connecticut Green Bank's Solar Home Renewable Energy Credit (SHREC) series 2020-1 Green Liberty bonds. The outlook is stable.

The Green Bank is issuing approximately $15.4 million of bonds to refinance expenditures of the bank to its Residential Solar Incentive Program (RSIP) and fund a special capital reserve fund (SCRF). The bonds are secured by revenues received under the indenture, including SHREC receivables, funds on deposit in the SCRF.

We base the rating on the security provided by the SCRF and application of our "Issue Credit Ratings Linked To U.S. Public Finance Obligors' Creditworthiness" criteria (published Jan. 22, 2018, on RatingsDirect). We consider this a general operating pledge and in accordance with our criteria, generally rate these obligations on par with our view of the obligor's general creditworthiness, in this case, the state of Connecticut.

The reserve fund is the ultimate layer of security and will only be accessed if the revenues received under the indenture are insufficient to meet debt service requirements. This reserve fund, which is required to equal maximum annual debt service (MADS), is funded from bond proceeds. According to the terms of the indenture, the reserve fund is held by the trustee. If the reserve fund is depleted to pay debt service, funding from the state is "deemed to be appropriated" to restore the reserve to MADS. Appropriation and payment of these funds are not subject to further legislative approval, according to bond counsel. As a result, S&P Global Ratings has historically rated SCRF-enhanced issues on par with its GO rating on Connecticut. The Green Bank's obligation to fund debt service is absolute and unconditional.

The Green Bank is a quasi-public organization created in 2011 as a successor to the Connecticut Clean Energy Fund with a focus on financing clean energy initiatives, including renewable energy, energy efficiency, energy storage, alternative fuel vehicles, and infrastructure. It is not a department, institution or agency of the state, but the state treasurer serves as an ex-officio board member.

Credit overview

Through the RSIP, the Green Bank offers incentives to homeowners and third-party owners to install solar panels. In exchange for its incentives, the Green Bank receives all rights and title to SHRECs generated and sells the SHRECs generated to the state's two investor-owned utilities (Eversource and United Illuminating) under a master purchase agreement at a predetermined price over a 15-year tranche lifetime. Eversource must purchase 80% of SHRECs and United Illuminating 20% within each tranche. The utilities' obligation to purchase future tranches ends no later than the earlier of the Green Banks deployment of 350 megawatts of qualifying residential solar photovoltaic installations (in which case the Green Bank must notify the utilities that goal has been met) or Dec. 31, 2022 (maximum of six tranche delivery terms).

The SHRECs supporting this bond issuance (Tranche 3) will be generated from 4,818 systems with a SHREC purchase price of $48 per SHREC with projected revenues of approximately $25.6 million over the life of bonds.

While the Green Bank is not dissolvable through bankruptcy, SHREC payments are made by the utilities, and not customers or third-party owners. While the utilities have a greater likelihood to make SHREC payments to the Green Bank, there can be no assurance that one or both of the utilities will not become insolvent as neither utility is bankruptcy remote. Additional risk exists if customer defaults on payments to the utilities increase, affecting the financial performance of the utilities, or performance of residential systems generating the SHRECs and consequently expected revenues are worse than projected. The Green Bank also relies on public sources of funding to maintain operations and may be affected by a variety of political and economic factors.

If underlying risks of the transaction were to mount, and the Green Bank received insufficient payments to meet debt service requirements from the transaction or its public sources of funding, we expect the state's SCRF backing will be sufficient to remedy any deficiencies. Pursuant to Connecticut General Statutes (16-245mm), the aggregate amount of Green Bank bonds secured by SCRF may not exceed $100 million and, in our opinion, limit the state's contingent liability exposure from the Green Bank. As of Feb. 1, 2020, Connecticut had $5.1 billion of SCRF-secured debt outstanding, $4.5 billion of which was issued by the Connecticut Housing Finance Authority. In our opinion, the state has not exhibited any political or administrative risks to suggest it would not support SCRF-backed obligations if needed.

Environmental, social, and governance factors

S&P Global Ratings considers health and safety a social risk under our view of environmental, social, and governance (ESG) factors. Absent the social risks of COVID-19, we consider Connecticut to have elevated social risks compared to the sector given its older population and higher cost of living. These demographic trends could present long-term credit risks to the state's economic and budgetary performance. However, we believe Connecticut's historically strong management and policy framework will help manage this risk. Environmental risks are considered above those of other states due to its 618 miles of coastline along Long Island Sound. Its shoreline roads and communities are at risk from rising sea levels. However, we recognize the state's commitment to renewable energy installation and energy efficiency, as evidenced by the creation of the Green Bank and this transaction. We view the state's governance risks as being in line with the sector and it has historically maintained a strong management and policy framework to respond to developing risks.

Stable Outlook

The outlook on the bonds reflects that of the state of Connecticut. Generally, our rating outlook timeframe is up to two years. Given the current uncertainty around the pandemic, our view of the credit risks to Connecticut and its obligations centers on the more immediate budget effects in 2020 and is subject to change.

Downside scenario

Should a significant structural gap emerge and the state no longer continues making required pension contributions, uses significant one-time budgetary maneuvers (including deficit bonds), or sees its reserves deteriorate to low levels as they were before bond covenants were imposed, we may lower the rating. We also note that the state's three-year average pension funding ratio is close to our threshold of 40%, and may result in further downward rating action if pension funding levels deteriorate. We recognize that state governments across the nation will face unprecedented challenges in the near term. The duration and severity of recent events affecting the state's fiscal profile may result in faster deterioration of its credit quality as economic conditions change.

Upside scenario

If the state is able to weather the economic recession, maintaining good reserve balances and demonstrating a moderating debt burden, we may consider a higher rating. We currently estimate that the majority of our debt ratios will remain at least one-third higher than the threshold triggering our one-notch lower rating over our outlook horizon. This threshold was first triggered at the end of fiscal 2017.

Credit Opinion

Connecticut released updated consensus revenue forecasts at the end of April, projecting a $934.0 million deficit (4.8% of expenditures) in the general fund for fiscal 2020. To balance the budget this year, the state will use all of its expected volatility cap transfer to the reserve fund ($318.3 million) and a draw from its rainy day fund ($615.7 million). Prior to the COVID-19 pandemic, it was on track to increase reserve levels to over 15% during the biennium. The strong position of the state entering into fiscal 2020 is likely to weaken, with reserve balances at 12.9% of appropriations expected to decline to 9.4% following the drawdown for this year's deficit.

The projections also forecast a $2.2 billion deficit (10.7% of expenditures) for fiscal 2021 that the state will need to address through some combination of expenditure and revenue changes or continued use of reserves. The level of reserves at the end of fiscal 2020 is expected to be $1.9 billion and is insufficient to make up all of the projected deficit for fiscal 2021. The state has begun considering how to address the fiscal 2021 shortfall with revenue changes and other expenditure adjustments. However, the significance of the shortfall will likely result in some reserve use. During the last recession, the state issued nine-year deficit bonds to close its shortfall.

Despite these challenges, Connecticut enters the current recession in a significantly better position than in the past, with reserves at historically high levels. Bond covenants allow reserve drawdowns on a supermajority legislative vote, which the majority party holds at present. Previously, Connecticut had a history of carrying low reserves and ended fiscal 2017 with a reserve balance of only 1.1% of expenditures.

Further pressuring the state's finances during the recession are its extremely high fixed costs. An estimated 50% of fiscal 2020 budgeted expenditures constitute debt service, required pension and retiree health care benefit contributions, the state share of Medicaid costs, and other entitlements. The state also enacted an annual GO bond allocation cap of $2 billion and an issuance cap of $1.9 billion (with certain exclusions such as UConn 2000 bonds), but the state has self-imposed a GO issuance limit of $1.6 billion in fiscal years 2020 and 2021. Bond allocations are determined by the state's Bond Commission, whose agenda is controlled by the governor. During calendar year 2019, GO bond allocations by the Bond Commission totaled $1.2 billion, well below the 2011 through 2018 bond allocation average of $1.975 billion. Connecticut remains the only state with a high enough debt load to trigger a one-notch downward override rating adjustment under our state rating methodology. The bond bill authorizations are in line with prior years and we do not expect the debt profile to significantly moderate in the near term.

Based on the analytic factors we evaluate for states, on a scale of '1.0' (strongest) to '4.0' (weakest), we have assigned a composite score of '2.2' to Connecticut, an anchor of the 'AA-' rating. However, we also calculate that a majority of Connecticut's debt ratios in our state scoring criteria may lie more than one-third above the level necessary to score a '4', which triggers a one-notch rating override under our state scoring criteria. We are further using our discretionary ability to rate one notch below the anchor rating and overriding factors to maintain our 'A' rating due to our view of the state's high fixed-cost burden and lagging economic growth compared to peers

For more information on the state's general creditworthiness, see our full analysis on Connecticut, published May 15, 2020 on RatingsDirect.

Related Research

- Through The ESG Lens 2.0: A Deeper Dive Into U.S. Public Finance Credit Factors, April 28, 2020

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