CONNECTICUT GREEN BANK

Board of Directors

**Meeting Date**

**April 23, 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**

April 16, 2021

Dear Connecticut Green Bank Board of Directors:

We have a meeting of the Board of Directors scheduled for **Friday, April 23, 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 March 26 and April 6, 2021, and a resolution on staff appreciation for FY 2020 as requested by the Board of Directors.

- **Investment Updates and Recommendations** – we will update you on the Green Liberty Bond issuance which will have occurred the days prior (i.e., Earth Day – April 22), we are proposing to allow Ares Capital to increase its lending facility to PosiGen to support its growth without increasing the Green Bank's exposure, and we are looking to increase the number of commercial solar PV projects that can be brought into our previously approved facility with Skyview [Note – memo coming by COB on Tuesday, April 20, 2021].

- **Executive Session** – we are proposing a COVID-19 related C-PACE restructuring for Polamer Precision [Note – memo coming by COB on Tuesday, April 20, 2021].

- **Other Business** – we will be providing an update on the status of our "Lead by Example" efforts as an organization.

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 Happy Earth Day.

Sincerely,

Bryan Garcia
President and CEO

# AGENDA

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

Friday, April 23, 2021
9:00 a.m.– 11:00 a.m.

Dial (408) 650-3123
Access Code: 351-602-325

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 – 45 minutes

   a. Green Liberty Bonds: Series 2021 (Update)
   b. PosiGen Senior Facility Upsize
   c. Skyview Facility

5. Executive Session – Confidential Matters Relating to Polamer Precision – 30 minutes

6. Other Business – 15 minutes

   a. Lead by Example – Senior Sustainability Officer (Update)
   b. Earth Day Message – Gina McCarthy
   c. Other Business

7. Adjourn

Join the meeting online at https://global.gotomeeting.com/join/351602325

Or call in using your telephone:
Dial (408) 650-3123
Access Code: 351-602-325

***Next Regular Meeting: Friday, June 25, 2021 from 9:00-11:00 a.m.***

*Colonel Albert Pope 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

Friday, April 23, 2021
9:00 a.m.– 11:00 a.m.

Dial (408) 650-3123
Access Code: 351-602-325

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 March 26, 2021 and April 6, 2021.

**Resolution #2**

**WHEREAS**, the COVID-19 Pandemic represents many new and novel challenges for all of the staff of the Connecticut Green Bank.

**WHEREAS**, challenges have included managing professional and personal obligations during a prolonged public health emergency while adapting to a fully remotely work environment and navigating their own personal concerns for loved ones who may be vulnerable to the virus, pressure to care for children at home, and potential financial and health insecurity impacting them, their loved ones and their own families.

**WHEREAS**, the Green Bank staff responded to meet the needs of the Green Bank partners and stakeholders to help them maintain and advance clean energy projects across the State of Connecticut.

**WHEREAS**, the commitment of the staff and its dedication has continued to advance the Green Bank's mission to confront climate change and provide all of society a healthier and more prosperous future by increasing and accelerating the flow of private capital into markets that energize the green economy during these challenging times.

**RESOLVED**, that the Board of Directors:

(1) honors and recognizes the contributions of all Green Bank staff through the Pandemic; and (2) reaffirms its admiration and appreciation for their hard work and dedication that has made the Green Bank a global leader in the fight against climate change.

4. Investment Updates and Recommendations – 45 minutes

   a. Green Liberty Bonds: Series 2021 (Update)
   b. PosiGen Senior Facility Upsize

**Resolution #3**

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

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

**WHEREAS**, Ares Capital Corporation ("Ares") is currently the senior lender in the BL Facility and would like to increase its position against a growing borrowing base of lease assets by up to $50 million, as explained in the memorandum to the Board dated April 16, 2021 (the "Board Memo").

**NOW**, therefore be it:

**RESOLVED,** that the Board authorizes the Green Bank to consent to an increase in the Ares BL Facility size as set forth in the Board Memo, without increasing Green Bank's exposure to PosiGen;

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

   c. Skyview Facility

**Resolution #4**

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

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

**WHEREAS**, the Green Bank has established a working relationship with a private sector Connecticut-based solar developer, Skyview Ventures LLC (“Skyview”), and through that relationship the Green Bank has an opportunity to deploy capital for commercial solar PPA projects developed by Skyview in Connecticut (“Skyview PPA Projects”);

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

**WHEREAS**, based on diligence of Green Bank staff for a senior secured loan facility (“Original Term Loan”) the Green Bank Deployment Committee (the “Deployment Committee”) on February 27, 2020 recommended to the Green Bank Board of Directors (the “Board”) the approval of the Term Loan transaction in an amount not to exceed $2.3M as a Strategic Selection and Award pursuant to the Green Bank Operating Procedures Section XII;

**WHEREAS,** the Board passed resolutions at its meeting held on March 25, 2020 to approve the Original Term Loan transaction in an amount not to exceed $2.3M as a Strategic Selection and Award given the special capabilities, uniqueness, strategic importance, urgency and timeliness, and multi-phase characteristics of the Original Term Loan transaction;

**WHEREAS,** the Board authorized the expansion of the Original Term Loan transaction in an amount not to exceed $3.5M on April 24, 2020 (the “Modified Term Loan”);

**WHEREAS,** the Board authorized the expansion of the Modified Term Loan transaction to an amount not to exceed $7M on October 23, 2020 (the “Existing Term Loan”); and

**WHEREAS**, based on an expanding pipeline of Skyview PPA Projects and diligence of Green Bank staff, Green Bank staff proposes the expanded pipeline be approved for future advances within the limits of the Existing Term Loan.

**NOW**, therefore be it:

**RESOLVED,** that the Board hereby amends and restates its approval of the Existing Term Loan transaction as described in the Project Qualification Memo submitted by the staff to the Board and dated April 18, 2021 (the “Memorandum”) to include the expanded project pipeline of Skyview PPA Projects to be qualified for future advances within the $7,000,000 limit of the Existing Term Loan on terms and conditions substantially consistent with those described in the Memorandum as a Strategic Selection and Award pursuant to the Green Bank Operating Procedures Section XII given the special capabilities, uniqueness, strategic importance, urgency and timeliness, and multi-phase characteristics of the Existing Term Loan transaction; and

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

5. Executive Session – Confidential Matters Relating to Polamer Precision – 30 minutes

**Resolution #5**

**WHEREAS**, pursuant to Connecticut General Statutes Section 16a-40g , 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 approved in April 2014 a construction and term loan secured by a C-PACE benefit assessment for Polamer Precision Inc. ("Polamer") New Britain, Connecticut, to finance the construction of specified clean energy and energy conservation measures in line with the State's Comprehensive Energy Strategy and the Green Bank's Strategic Plan; and

**WHEREAS**, as a result of COVID-19, Polamer has requested repayment modification (the "C-PACE Modification") and staff has recommended to the Board approval of Polamer's requested modification, pursuant to the Board approved Loan Loss Decision Framework and Process for managing assets requiring restructuring or write-off from the Green Bank's balance sheet as modified by the Board's approval of a COVID-19 pandemic response to enable restructuring of transactions.

**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 documentation to effect the C-PACE Modification consistent with the memorandum submitted to the Board dated April 16, 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 effect the above-mentioned legal instruments.

6. Other Business – 15 minutes

   a. Lead by Example – Senior Sustainability Officer (Update)
   b. Earth Day Message – Gina McCarthy
   c. Other Business

7. Adjourn

Join the meeting online at https://global.gotomeeting.com/join/351602325

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***Colonel Albert Pope 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

April 23, 2021

**Online Meeting**

# Board of Directors

## Agenda Item #1

## Call to Order

# Board of Directors

## Agenda Item #2

## Public Comments

# Board of Directors

## Agenda Item #3

## Consent Agenda

# Consent Agenda
## Resolutions #1 and #2

1. **Meeting Minutes** – approve meeting minutes of March 26 and April 6, 2021

2. **Recognition of Staff during COVID-19** – Board of Director recognition of contributions of Green Bank staff during the pandemic

- **FY2020 Merit** – provided overview of the merit review process, which we will discuss with the BOC Committee as part of the upcoming FY2022 budget and target setting process

- **Progress to Targets (Green Bank)** – through Q3 of FY21 Incentive Programs are ahead of target and Financing Programs are on target

# Board of Directors

Agenda Item #4a

Investment Updates and Recommendations

Green Liberty Bonds

# Green Liberty Bonds

## Celebrating the 50th Anniversary of Earth Day

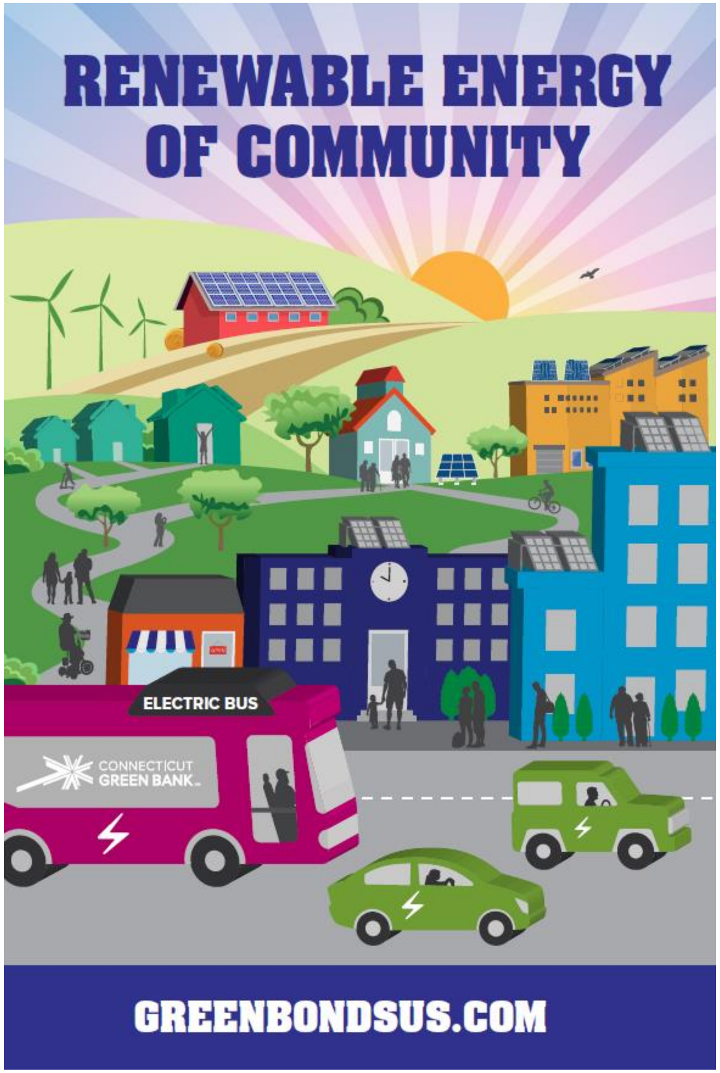

# Green Liberty Bonds

## Three Features of the Green Bond

- **<u>Use of Proceeds</u>** – use of proceeds from the bond are invested to *combat climate change* (i.e., support Paris Agreement with mitigation and adaptation projects) and create jobs in our communities

- **<u>Retail Accessible</u>** – bonds available to purchase by *everyday citizens* (vs. institutional investors only) in lower denominations (i.e. $1,000)

- **<u>Certified and Verified</u>** – independently certified (e.g., Climate Bonds Initiative, Green Bond Principles, etc.) and verified as a climate bond or green bond for *consumer protection*



# Green Liberty Bonds

## Public Awareness and Earned Media

CONNECTICUT GREEN BANK

Connecticut Green Bank
ABOUT BONDS DOCUMENTS RESOURCES My BondLink Log Out

RENEWABLE ENERGY WORLD

**Connecticut green bonds offer residents a chance to fund war on climate change**

By Lisa Prevost, Energy News Network | 7.9.20

**The state's green bank hopes to inspire residents to help fund clean energy investments to combat climate change.**

The Connecticut Green Bank is offering residents a new way to personally invest in projects that confront climate change: mini green bonds.

This month the bank will bring to market about $16 million in what it is calling Green Liberty Bonds. The bonds will have a $1,000 face value, an uncommonly low denomination that is intended to make them broadly accessible.

pv magazine

**New retail climate bonds category, patterned after WW2 bonds and designed to aid rooftop solar uptake, to debut**


By Jean Haggerty | 7.9.20

In an industry first, Connecticut Green Bank is launching a retail climate bond series in which all of the proceeds generated from the roughly $16.1 million issuance will support rooftop solar deployment in the state. Connecticut Green Bank's new category of climate bond, which it calls "Green Liberty Bonds," are modeled after the Series-E war bonds that half of all Americans bought during World War II.

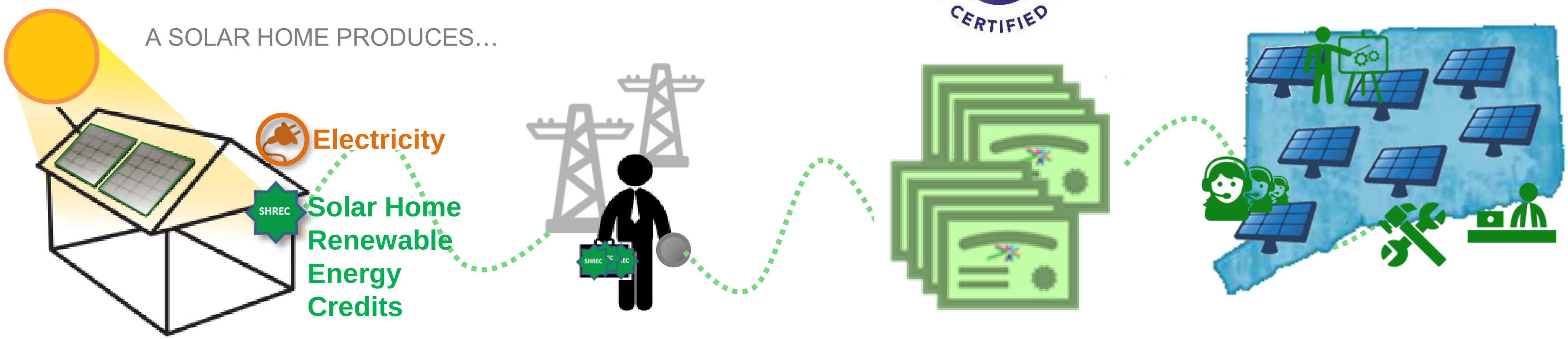
"Instead of the U.S. government issuing war bonds to protect the Allies in World War II, the Connecticut Green Bank is issuing Green Liberty Bonds to confront climate change," Bryan Garcia, Connecticut Green Bank's president and CEO said. Through Green Liberty Bonds, residents can save for themselves and their families while supporting clean energy projects in Connecticut, he added.

we want to see in our society.

With a goal of achieving another order of magnitude of investment in Connecticut's green

# Residential Solar PV in CT

## Revenue Bonds




When panels produce electricity for a home, they also produce **Solar Home Renewable Energy Credits (SHRECs).** The Green Bank provides upfront incentives through RSIP and collects all the SHRECs produced per statute (i.e., PA 15-194).

Utilities required to enter into **15-year Master Purchase Agreement (MPA)** with the Green Bank to purchase the stream of SHRECs produced. This helps utilities comply with their clean energy goals (i.e., Class I RPS).

The **Green Liberty Bonds are secured by SHREC revenues** received, the Special Capital Reserve Fund, and any moneys deposited by the Green Bank into the Trust Estate

The Green Bank **uses the Bond proceeds to support the RSIP incentives, cover admin and financing costs to achieve 350 MW of solar PV deployment** and development of local solar PV industry

# Green Liberty Bonds
## Transaction Parties

| | |
|---|---|
| **Issuing Entity:** | Connecticut Green Bank |
| **Municipal Advisor:** | Lamont Financial Services |
| **Bond Counsel** | Shipman & Goodwin LLP |
| **Senior Manager:** | Stifel |
| **Co-Manager:** | Ramirez & Co., Inc. |
| **Underwriter's Counsel:** | Ballard Spahr |
| **Trustee:** | Bank of New York Mellon |
| **Independent Engineer:** | DNV-GL |
| **Climate Bond Certifier** | Climate Bonds Initiative |
| **Climate Bond Verifiers:** | Kestrel Verifiers |

# Green Liberty Bonds

## Serial Series 2021 Bonds

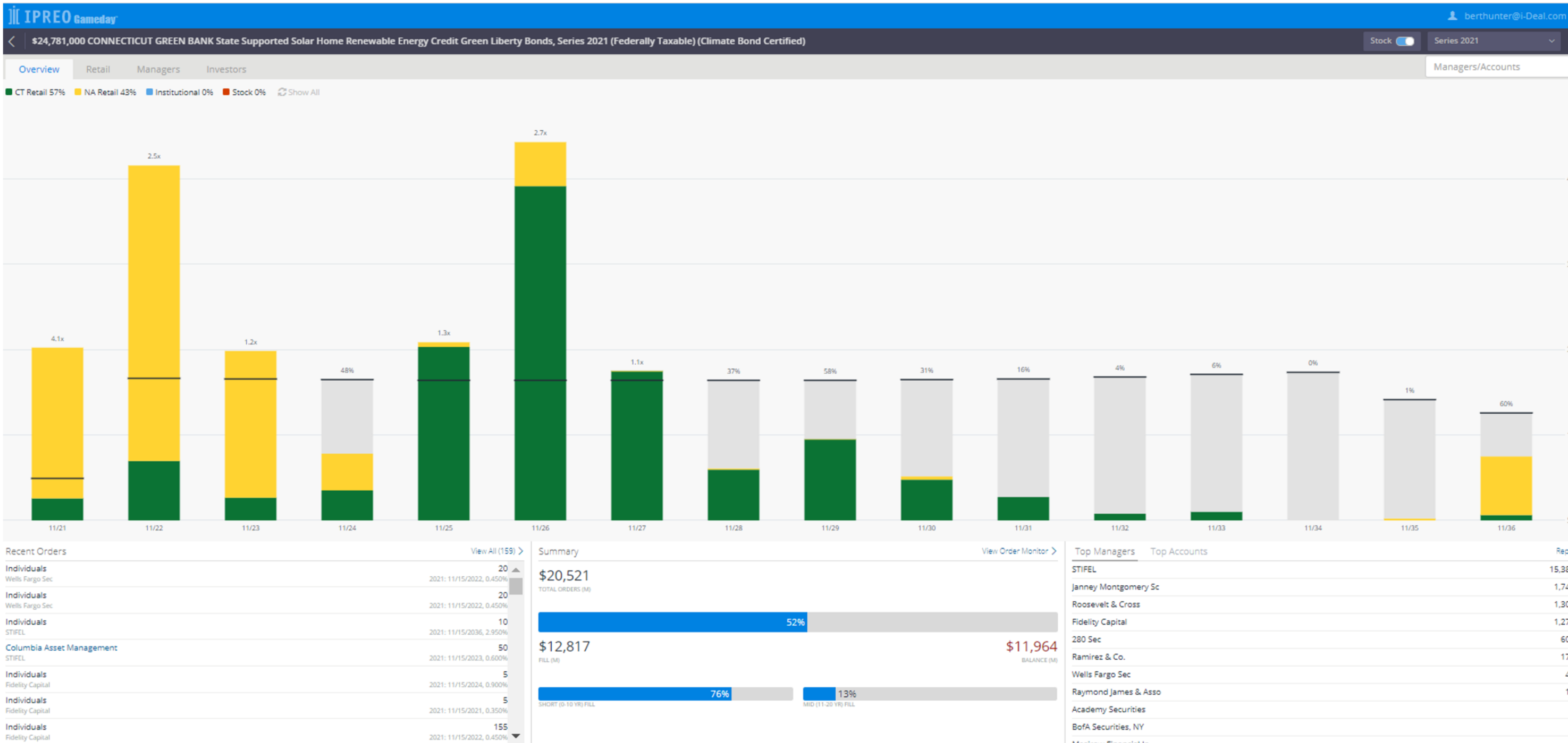
| Bond Component | Maturity Date | Amount | Rate | Yield | Price |
|---|---|---|---|---|---|
| Serial Bonds: | | | | | |
| | 11/15/2021 | 499,000 | 0.230% | 0.230% | 100.000 |
| | 11/15/2022 | 1,674,000 | 0.350% | 0.350% | 100.000 |
| | 11/15/2023 | 1,663,000 | 0.550% | 0.550% | 100.000 |
| | 11/15/2024 | 1,654,000 | 0.850% | 0.850% | 100.000 |
| | 11/15/2025 | 1,647,000 | 1.200% | 1.200% | 100.000 |
| | 11/15/2026 | 1,644,000 | 1.450% | 1.450% | 100.000 |
| | 11/15/2027 | 1,643,000 | 1.800% | 1.800% | 100.000 |
| | 11/15/2028 | 1,645,000 | 1.950% | 1.950% | 100.000 |
| | 11/15/2029 | 1,647,000 | 2.150% | 2.150% | 100.000 |
| | 11/15/2030 | 1,649,000 | 2.300% | 2.300% | 100.000 |
| | 11/15/2031 | 1,659,000 | 2.400% | 2.400% | 100.000 |
| | 11/15/2032 | 1,684,000 | 2.550% | 2.550% | 100.000 |
| | 11/15/2033 | 1,711,000 | 2.650% | 2.650% | 100.000 |
| | 11/15/2034 | 1,738,000 | 2.750% | 2.750% | 100.000 |
| | 11/15/2035 | 1,416,000 | 2.850% | 2.850% | 100.000 |
| | 11/15/2036 | 1,261,000 | 2.950% | 2.950% | 100.000 |
| | | 24,834,000 | | | |

# Green Liberty Bonds

## Serial Series 2021 Bonds

CONNECTICUT GREEN BANK

**10 AM**

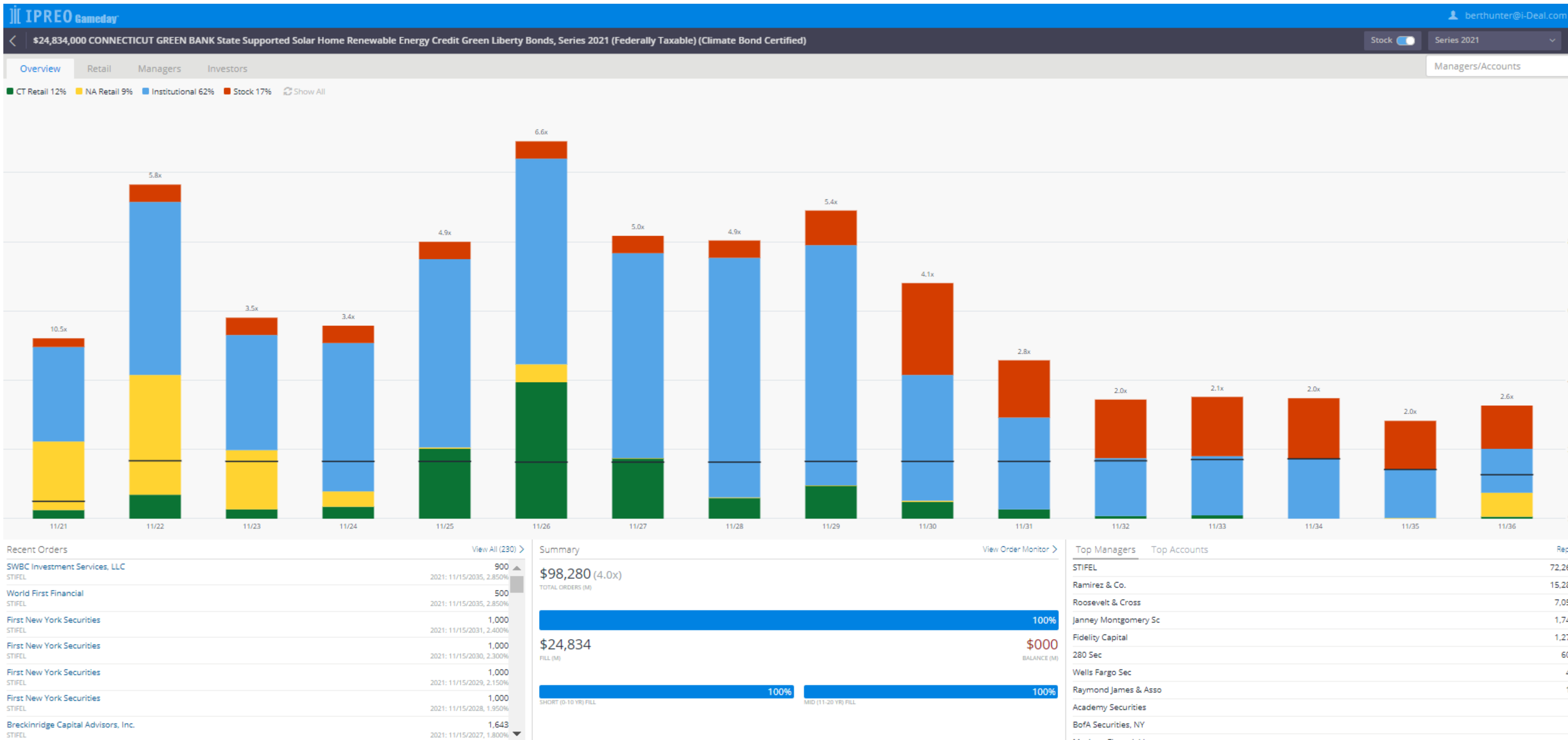


# Green Liberty Bonds

## Serial Series 2021 Bonds

CONNECTICUT GREEN BANK

# CLOSE



# Green Liberty Bonds
## Serial Series 2021 Bonds

CONNECTICUT GREEN BANK

### Key Take-Aways

- **Achieved our goals of**
  - **Reaching Connecticut <u>and National</u> investors**
  - **Reaching ESG investors**
  - **Reaching general institutional investors**
- **Marketing and intelligence from initial bond offering paid off**
- **World class team put in many hours to achieve success**
- **We benefitted from strong sales effort & market conditions**
  - **Almost $100 million in orders & 4x cover**
  - **Achieved "filled orders" from retail for 52% of the bonds & improved pricing**
  - **True Interest Cost of 2.42% (prior 2.61%) / All-in TIC of 2.62% (prior 2.92%)**

# Board of Directors

## Agenda Item #4b

## Investment Updates and Recommendations

## PosiGen Senior Facility Upsize

# PosiGen Senior Facility Upsize

CONNECTICUT GREEN BANK

- **Strong Growth in CT**
  - Has now installed **over 4,000 residential systems** (plus energy efficiency upgrades) in the state; over 60% of those installations serving LMI households
  - On a monthly basis, PosiGen now installs more systems in Connecticut than the rest of the country combined; **March 2021 deployments >200 new projects**
  - With respect to employment figures, PosiGen has continued to invest in its Connecticut workforce and now has **over 100 direct staff members** on the ground, all of whom earn a living wage, receive good benefits, and participate in the company's stock option plan.
- **Has secured additional capital for growth**
  - Raised $33M in December; Current raise exceeds $20M
  - Raised $24M (partial refi) via a CT-based (and WBE-owned) SBIC
  - Ares existing (1st lien) facility $75M – to increase by $50M to keep up w/growth
- **Green Bank (2nd lien) position unchanged ($14M fully drawn)**

# Resolution #3

**NOW**, therefore be it:

**RESOLVED,** that the Board authorizes the Green Bank to consent to an increase in the Ares BL Facility size as set forth in the Board Memo, without increasing Green Bank's exposure to PosiGen;

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

# Board of Directors

Agenda Item #4c

Investment Updates and Recommendations

Skyview Facility

# Secured Term Loan

## Qualify Additional PPA Projects for the Existing Term Loan

- **Board approved the Original $2.3M Term Loan in March 2020**
- **Board expanded the Original Term Loan to $3.5M in April 2020**
- **Board further expanded the Term Loan to $7.0M in Oct 2020** –
  - So far, $3.2M of the approved facility has been advanced;
  - 27 projects financed
- **Prompt payer, good performance** – Borrower pays promptly and projects securing the Term Loan perform in line with expectations
- **Strong 2021 and 2022 pipeline** – Borrower has financeable project pipeline of 6.3 MW through 2022: request to qualify additional projects under the existing facility size ($7.0M) on same economic terms for operational flexibility.

# Resolution #4

**NOW**, therefore be it:

**RESOLVED,** that the Board hereby amends and restates its approval of the Existing Term Loan transaction as described in the Project Qualification Memo submitted by the staff to the Board and dated April 18, 2021 (the "Memorandum") to include the expanded project pipeline of Skyview PPA Projects to be qualified for future advances within the $7,000,000 limit of the Existing Term Loan on terms and conditions substantially consistent with those described in the Memorandum as a Strategic Selection and Award pursuant to the Green Bank Operating Procedures Section XII given the special capabilities, uniqueness, strategic importance, urgency and timeliness, and multi-phase characteristics of the Existing Term Loan transaction; and

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

# Board of Directors

Agenda Item #5

**Executive Session**

Confidential Matters Relation to Polamer Precision

# COVID-19 Restructuring

## Polamer Precision

- Polamer Precision, a C-PACE project involving a solar improvement, has requested an additional deferment involving the following:

[redacted]

# Resolution #5

**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 documentation to effect the C-PACE Modification consistent with the memorandum submitted to the Board dated April 16, 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 effect the above-mentioned legal instruments.

# Board of Directors

Agenda Item #6a

Other Business

Lead by Example – Senior Sustainability Officer

# Board of Directors

Agenda Item #6b

Other Business

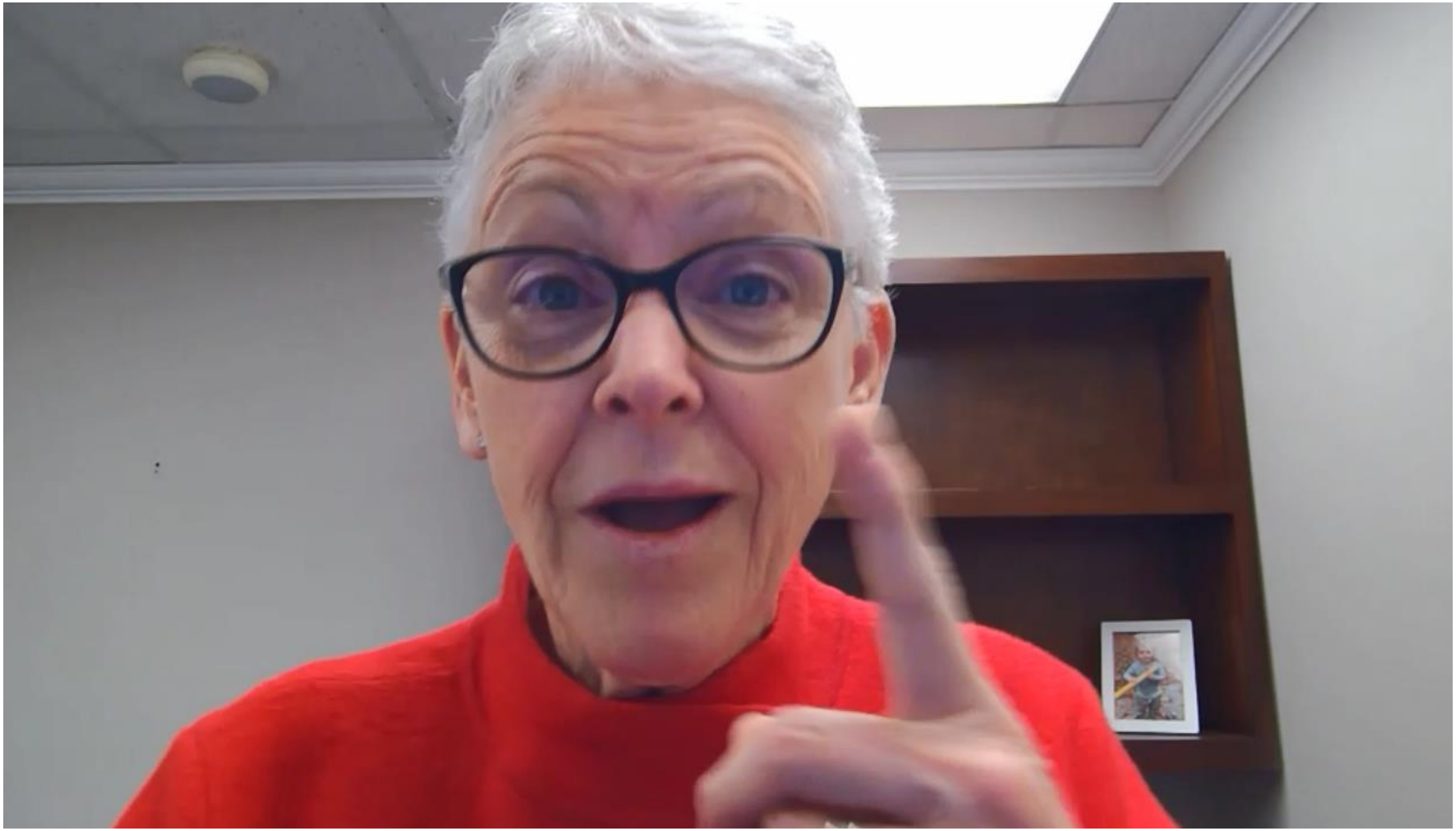
Earth Day Message – Gina McCarthy


SHARP

# Gina McCarthy

## Earth Day Message to Connecticut

CONNECTICUT GREEN BANK



# Connecting the Dots
## HR 806 (US) and HB 6441 (CT)

### HR 806 (US)
### Clean Energy and
### Sustainability Accelerator

- **Leadership** – House ($20-$100B), Senate ($100B), and President ($27B)
- **Climate-Impacted Communities** – communities of color, distressed neighborhoods, low income, tribal, communities economically reliant on fossil fuel-based industries
- **Areas of Investment** – resiliency, energy efficiency, renewable energy (including fuel cells), industrial decarbonization, agriculture, forestry, clean transportation (e.g., ZEVs, including public fleets and buses)
- **Priorities** – GHG emission reductions, EJ40, consumer protection, labor (e.g., prevailing wage, PLAs)

### HB 6441 (CT)
### Expansion of Scope
### Environmental Infrastructure

- **Leadership** – Governor, House, and Senate
- **Environmental Infrastructure** – structures, facilities, systems, services and improvement projects related to (A) water, (B) waste and recycling, (C) climate adaptation and resilience, (D) agriculture, (E) land conservation, (F) parks and recreation, and (G) environmental markets (e.g., carbon offsets and ecosystem services)
- **Environmental Infrastructure Fund** – federal funds and bonds, but no CEF, RGGI, CWF
- **Bonding** – increase of SCRF to $250 MM (from $100 MM); clean energy term of 25 years, environmental infrastructure term of 50 years, or useful life of projects (whichever is less)

# Board of Directors

## Agenda Item #6c

## Other Business

# Board of Directors

## Agenda Item #7

## Adjourn

Subject to Changes and Deletions

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

Friday, March 26, 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 March 26, 2021.

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

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

Board Members Absent: Thomas Flynn, Kevin Walsh

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

Others present: None

**1. Call to Order**

- Lonnie Reed called the meeting to order at 9:02 am.

**2. Public Comments**

- No public comments.

**3. Consent Agenda**
**a. Meeting Minutes of January 22, 2021**

<u>**Resolution #1**</u>

Motion to approve the meeting minutes of the Board of Directors for January 22, 2021.

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

- Lonnie Reed introduced the newest Board Member, Adrienne Houël.

## 4. Investment Updates and Recommendations

### a. Green Liberty Bonds: Series 2021 (Update)

- Bert Hunter summarized the history of the Green Liberty Bonds and gave an update to the upcoming Series 2021. He reviewed the RSIP Portfolio which has a total of approximately 43,000 projects and total capital of $79.6 million with approximately $144 million in Incentives. The first Green Liberty Bond issuance was through Tranche 3 and the next series will be through Tranche 4. The bonds give the Green Bank the chance to recover the costs of the RSIP program.
- Mike Yu explained the 2021 Series issuance plan. It has a similar structure to the 2020 Series and is SCRF supported. It will be issued in denominations of $1000, again will be a Certified Climate Bond, and has an approximate par amount of $23.17 million with a fixed rate structure. Lower denomination bonds below $1,000 are being investigated for the future but is unfortunately not viable for this issuance. All the financial details are preliminary and subject to change, but this is the current plan. Mike Yu then presented the current schedule for the 2021 Series with another planned Earth Day launch with one day prior (April 21, 2021) for the retail market.
  - John Harrity expressed his desire to see a lower issuance bond as he has heard many people cannot afford $1,000 but would be happy to support if it was within their budget. Bert Hunter responded that it is in the works, although it is a challenge.
  - Lonnie Reed asked if financial institutions were informed about this coming soon, and Bert Hunter said yes but also no. The Green Bank has been making the market generally aware of the upcoming bond issuance, but he is not sure exactly what work the underwriter have done. There are certain regulations which prevent specific details from being discussed, so it is actually good that people may have not heard about it yet. Bert Hunter suggested directing interested people to the Green Liberty Bond website for more information, which will be updated April 9, 2021 as that is the earliest that details can be released.
  - Steve Meier asked if there was a discount to a yield amount for these green bonds compared to other municipal bonds. Bert Hunter said there may be a small benefit in the secondary market where the price of the bond gets bid up (due to high demand) which reduces the yield, but it is difficult to determine at this point or even to make comparisons because of the variances between the Green Liberty Bond and others that may appear similar. Steve Meier agreed and praised the bond.
  - Bert Hunter also commented that one-year notes may be issued at a future time as the Green Bank noticed demand for those, so that is being investigated as well, and these shorter term notes could offer a way to issue securities efficiently below $1,000.

## 5. Financing Programs Updates and Recommendations

### a. Progress to Targets Update

- Mackey Dykes summarized the Financing Programs currently in place and the progress to targets. In Multifamily expectations were low due to COVID-19 but the Green Bank has seen some decent progress despite it. The Multifamily Term program is doing exceptionally well. For SBEA, progress has been slow but changes to the program should help increase the uptake for the second half of the fiscal year and into FY2022.

  - Eric Brown asked, in relation to the bill that would expand what CPACE is used for, if there would be opportunities to work more closely with the different subtypes of CPACE projects customers. Mackey Dykes noted that SBEA is separately from CPACE, and if the bill goes through it still would not expand SBEA availability, but the Green Bank is working with the utility companies to better extract the customer segment data.
- Mackey Dykes continued with the progress to Commercial Solar PPAs and CPACE programs, which has been doing well in terms of number of projects and capital deployed.
- In general, Mackey Dykes said the Green Bank is in a good position for the second half of the fiscal year.
- For the PPA projects, the Green Bank is also doing well, exceeding the targets for projects, capital deployed, and MW capacity thanks to the success of the SolarMAP program.
- Brian Farnen summarized the updates to bill House Bull 6571, regarding resiliency, and PURA Docket No. 20-07-01, regarding transition from a net metering policy and the current ZREC/LREC incentive structure to a tariff-based system.

**6. Incentive Programs Updates and Recommendations**

**a. Progress to Targets Update**

- Sergio Carrillo gave an update to the Incentive Programs progress to targets which includes Residential Solar, Smart-E, Low Income Loans/Leases, and the upcoming Battery Storage program. RSIP has surpassed its targets already and though it may change, should remain above the targets. Smart-E is also doing well and is on track to meet the targets by fiscal year end, especially with the new Spring Special Offer. Low Income Loans and Leases have also exceeded its targets, so overall the Green Bank is doing very well.
  - Brenda Watson asked about the status of PosiGen. Sergio Carrillo answered that there has been an increase in incentive application rejections due to inadequate shade reports. The Green Bank has met with them to review the requirements and reports and is working with them to address the issues and expects the number of rejected applications to reduce going forward.
  - Mike Li asked why there has been an uptick in the shade report issues now since they have been running the program for years. Sergio Carrillo explained that there has been a bigger push to better solve the problems now as the standards have changed. Selya Price added that there may have been some staffing turnover in PosiGen as well and so it was a good opportunity to better train all the staff. The shade reports can be tricky, so with the extra time taken there should be less issues going forward. The RSIP team has done a great job retraining PosiGen as well as other contractors to improve shading reports and has posted revised shading report guidance online for all contractors in the program.
- Sergio Carrillo gave an update that some cellular providers will eventually phase out their 3G networks in late 2021 and early 2022, which may affect some residential solar PV systems. Due diligence is being done to evaluate the risks and costs of replacement for these meters, and a strategy is in development.
  - Matthew Ranelli asked about remote telemetry in other systems as other fields may also face loss of service issues. Lonnie Reed also asked if AT&T or T-Mobile will be liable to help cover the costs is replacements must be made, as

well if the Attorney General has been contacted regarding this. Sergio Carrillo agreed that this change will affect many different fields but took the suggestions and will provide an update as soon as there is more information.

- Brian Farnen summarized the updates to Senate Bill952 and PURA Dockets 17-12-03RE03 regarding electric storage, Docket 19-07-01 regarding SCEF and community solar, and Docket 20-07-01 regarding the residential solar tariffs. Bryan Garcia expanded on Docket 19-07-01 as it relates to community solar and using the present value of Subscriber Savings and getting future cash flows delivered sooner to address more public policy issues such as weatherization and arrearages.
  - Matthew Ranelli asked about a recent legislative proposal that relates to labor, equity in the work force and requirements for companies to help mandate certain requirements to benefit workers. Brian Farnen responded that he is aware of it and that it is not an area where the Green Bank would take a position.. Mackey Dykes commented that the Green Bank is aware of it but the requirements are also applicable to projects above a current size, and that he believes it doesn't apply to what the Green Bank currently has.

**7. Other Business**

**a. Hartford Headquarters and Stamford Offices (Update)**

- Eric Shrago summarized the status of both the Stamford Office move and the move to the new headquarters in Hartford, CT. The Stamford move is complete, and discussions are taking place with the building owners to make it more sustainable to closer align to the Green Bank values. For the headquarters, the move is planned for April 15, 2021 and many projects are progressing to bring the historic building into the modern age with more sustainable options. The landlord is also looking to apply for LEED Silver status and seems receptive to the developments.
  - Mike Li asked if all the build outs and improvements are from the Green Bank budget or if there is a tenant allowance, and Eric Shrago stated it is a combination of both.

**b. Other Business**

- None

Stephen Meier had to leave the meeting at 10:30 am.

**8. Executive Session – Personnel Related Matters**

- The Board Meeting closed to the public for Executive Session at 10:38 am.

**Upon a motion made by John Harrity and seconded by Matthew Ranelli, the Board of Directors Meeting returned from Executive Session and resumed publicly at 11:05 am.**

**<u>Resolution #2</u>**

**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 shall receive a 3% merit increase for Fiscal Year 2021.

**Upon a motion made by Matthew Ranelli, as amended to apply the 3% merit increase to all Officers, and seconded by Eric Brown, the Board of Directors voted to approve Resolution 2. None opposed and Mike Li abstained. Motion approved.**

Matthew Ranelli suggested an additional Resolution in appreciation to the entire staff for their hard work throughout the COVID-19 pandemic and continuing to deliver in terms of the Green Bank's mission. He suggest it be drafted in the near future and adopted at the next meeting.

- John Harrity asked if there is information as to increases other Green Bank staff received and Bryan Garcia said yes, which can be provided once its complete.

**9. Adjourn**

**Upon a motion made by John Harrity and seconded by Matthew Ranelli, the Board of Directors Meeting adjourned at 11:09 am.**

Respectfully submitted,

_______________________
Lonnie Reed, Chairperson

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

Tuesday, April 6, 2021
11:30 a.m. – 12:30 p.m.

A special meeting of the Board of Directors of the **Connecticut Green Bank (the "Green Bank")** was held on April 6, 2021.

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

Board Members Present: Binu Chandy, Thomas Flynn, John Harrity, Adrienne Houël, Michael Li, Matthew Ranelli, Lonnie Reed, Kevin Walsh, Brenda Watson

Board Members Absent: Eric Brown, Steve Meier

Staff Attending: Sergio Carrillo, Shawne Cartelli, Brian Farnen, Bryan Garcia, Bert Hunter, Jane Murphy, Selya Price, Cheryl Samuels, Ariel Schneider, Eric Shrago, Mike Yu

Others present: Bruce Chudwick from Shipman & Goodman, Bob Lamb from Lamont Financial Services, Matt Ritter

**1. Call to Order**

- Lonnie Reed called the meeting to order at 11:35 am.

**2. Public Comments**

- No public comments.

**3. Investment Updates and Recommendations**
**a. Green Liberty Bonds: Series 2021**

- After a few introductory remarks about the upcoming issuance of the Green Bank's second Green Liberty Bond, Bert Hunter noted that the new Series 2021 bond information will be available on the Green Bank's bond issuance website as of April 9, 2021. He noted that the new bond is very similar to the Series 2020 bonds. The Senior Manager is Stifel & Co, which has switched places with Ramirez & Co as they are now the Co-Manager.
- Eric Shrago reviewed the Green Certification which is verified by the firm of Kestrel Verifiers following the Climate Bonds Initiative standard for solar. The Green Bank and

Kestrel Verifiers will report annually on the impact of the projects that are associated with this bond. He acknowledged the awards the Series 2020 bonds were nominated for and won as awarded by The Bond Buyer.

- Bert Hunter reviewed the overall transaction information which is funded by Solar Home Renewable Energy Credits (SHRECs) which are collected into tranches. The Series 2021 bond is supported by Tranche 4, which contains 6,957 PV systems and is very strong with a high likelihood of repayment. Since the bonds are supported by a special capital reserve fund backed by the State of Connecticut, there is also a Debt Service Reserve Fund established to support the bonds.
- Bert Hunter reviewed the RSIP portfolio composition which includes Tranche 4. Mike Yu summarized the RSIP program and SHREC creation process which explains how the program works to fund the bond's debt service. He continued to further explain the Master Purchase Agreements (MPAs), which allows full cost recovery of all SHREC costs by the utility companies when purchased. SHRECs are delivered quarterly and has been running efficiently overall. Mike Yu continued to explain how the bond transaction breaks down from system owners through the Green Bank and then into the SHREC bonds and investors. He noted the performance of the PV systems supporting the Series 2020 bond has come in above estimated performance so far and is doing well, so no deficiencies have been noted.
- Mike Yu reviewed the timeline for the SHREC generation, revenue timing, and financial details of the Series 2021 bond. The amounts are currently estimates as final values cannot be determined until the bond goes to market but is covered by a healthy debt service coverage ratio. Series 2021 bond is issued in $1,000 denominations with principal due on November 15 and interest payable semi-annually on May 15 and November 15. Par Call redemption is November 15, 2031.
- Mike Yu summarized the flow of funds including the State of Connecticut's requirement to fund any deficiencies in the Special Capital Reserve Fund, though the Green Bank is also ready and obligated to support the Special Capital Reserve Fund to offset any imbalances in the flow of funds.
- For Self Sufficiency, Mike Yu explained the need to establish findings of self-sufficiency for the State Treasurer and Secretary of OPM, and the diligence done to fully research why and how the Series 2021 bond revenues are able to cover debt service and all the costs as well as the low-risk involved, based on requirements that the utility companies are bound by statute to purchase the SHRECs, as well as their own credit-worthiness.
    - Matthew Ranelli asked about insurance coverage, what is the specific type of insurance that the Green Bank has. Mike Yu answered that there are a few layers of insurance based on what is being addressed. The Green Bank obtained Parametric Insurance to protect against long-term risk such as a large storm that may knock out many systems for a period of time. It's a pretty small portion of risk but covers what could be a large amount of loss. Matthew Ranelli asked if the Parametric Insurance covers revenue or damaged equipment. Bert Hunter answered that it is a revenue coverage policy but is based on actual calculated production loss, which translates into lost revenue rather than equipment damage (which is covered by other insurances). He also noted it covers all three bonds that have been issued thus far (ABS, Series 2020, and Series 2021).
    - Lonnie Reed asked about the interest by investors for longer term bonds, and how much of Series 2021 will fall into long term investments. Bert Hunter answered that approximately 25% will be in term bonds (approx. $6 million). So investors can select the term bond which for all investors will commence repayment in year 11, but actual repayment to any particular bondholder will

happen yearly on a random basis as selected by the trustee.
  - Lonnie Reed asked if non-Connecticut residents can purchase the bond. Bert Hunter answered that yes, but Connecticut residents have priority. He also noted there is work being done to establish what percentage of the bonds can be held for out of state residents on the day of sale, since the Series 2020 bond went so quickly and monay investors from outside of Connecticut were unable to get their orders filled. Nothing has been set yet, but consideration is being made to work on how to set aside a portion of the Series 2021 bonds for investors who are from outside Connecticut to lower their frustrations and maintain their interest.
- Mike Yu reviewed the project validation by an independent engineer, DNV GL, across 15 years and P50, P90, and P99 generation forecasts. 20 systems were sampled for an electrical design audit,15 systems were selected for an on-site inspection, and only low risk issues were found. The data was used to estimate the performance for Tranche 4 and it is looking healthy. Mike Yu reviewed the SHREC Bond structure, and even under the most conservative estimation the Debt Service Coverage Ratio is over 1.0. He summarized a P99 scenario which even then is still cash positive.
- Mike Yu explained the sources and uses of the funds and cost recovery which will enable recovery of previous expenses, including RSIP incentives paid, financing costs, and administrative costs. It should as well enable recovery of similar future expenses.
- Bert Hunter reviewed the expected Financing Schedule with the launch of April 9, 2021 for the posting of the Preliminary Official Statement.
- Brian Farnen introduced bond counsel. Bruce Chudwick noted that the Resolution is similar to the one for Series 2020 with some changes and then reviewed those updated clauses.
  - Matthew Ranelli asked about the bond issuance not-to-exceed amount, as it is higher than what was initially presented during the meeting. Bruce Chudwick explained the variance is to allow for extra space in case the market changes before launch, and Mike Yu noted that regardless of issuance amount, the debt service will at a minimum be covered 1.15 times assuming a P90 production scenario.

**Resolution #1**

**WHEREAS,** Connecticut Green Bank ("Green Bank") is a body politic and corporate, constituting a public instrumentality and political subdivision of the State of Connecticut (the "State") and is authorized pursuant to Sections 16-245n and 16-245kk through 16-245mm of the Connecticut General Statutes (the "Act"), to finance and support financing or other expenditures that promote investment in sources of clean energy, as defined in the Act, by issuing its bonds, notes or other obligations in accordance with the Act; and

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

**WHEREAS,** pursuant to the State's Residential Solar Incentive Program ("RSIP"), Green Bank provides incentives to homeowners and third-party system owners ("TPOs") to deploy residential photovoltaic ("PV") systems (each, a "SHREC System"); and

**WHEREAS,** pursuant to Public Act No. 16-212 and Public Act No. 15-194, Green Bank is authorized to acquire a specific type of State renewable energy credit called a “solar home renewable energy credit” and the related environmental and energy attributes (collectively, a “SHREC”) from the homeowners and TPOs receiving RSIP incentives and producing PV energy, and then sells such SHRECs to each of The Connecticut Light and Power Company d/b/a Eversource Energy (“Eversource”) and The United Illuminating Company (“United Illuminating” and together with Eversource, each a “Utility” and together, the “Utilities”) pursuant to two 15-year contracts dated as of February 7, 2017, as amended (each, a “Master Purchase Agreement” and together, the “Master Purchase Agreements”); and

**WHEREAS,** the SHRECs are divided into tranches based on the calendar year in which the related SHREC System was installed (each, a “SHREC Tranche”), and the revenue received from the Utilities under each Master Purchase Agreement from SHRECs actually produced at the price determined by Green Bank for each SHREC (the “SHREC Receivables”) is established for each SHREC Tranche; and

**WHEREAS,** the SHRECs related to SHREC Systems for which a tranche was created in 2017 are referred to as “SHREC Tranche 1,” the SHRECs related to SHREC Systems for which a tranche was created in 2018 are referred to as “SHREC Tranche 2,” and the SHRECs related to SHREC Systems for which a tranche was created in 2019 are referred to as “SHREC Tranche 3,” and

**WHEREAS,** Green Bank acquired SHRECs from the homeowners and TPOs related to SHREC Systems for which a tranche was created in 2020 (the “SHREC Tranche 4”) before selling such SHRECs to the Utilities; and

**WHEREAS,** Green Bank desires to fund its cost recovery under the RSIP by selling bonds secured by the SHREC Receivables related to the SHREC Tranche 4 under the Master Purchase Agreements and other revenues of Green Bank as provided in the Indenture of Trust (as defined herein), such SHREC Receivables and other revenues defined collectively herein as “Pledged Revenues”; and

**WHEREAS,** Green Bank considers it necessary, appropriate and desirable to offer for sale, and to sell its Solar Home Renewable Energy Credit, Green Liberty Bonds, Series 2021, in an aggregate principal amount not to exceed $26,000,000 (the “Bonds”) in a public offering intended to be exempt from registration under the Securities Act of 1933, as amended (the “Securities Act”) by virtue of the exemption from such registration under Section 3(a)(2) of the Securities Act; and

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

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

**NOW, THEREFORE, BE IT RESOLVED,** that to accomplish the financing of the SHREC Receivables for SHREC Tranche 4 and to fund its cost recovery under the RSIP and provide for long term financing of the SHRECs related to the SHREC Tranche 4, the issuance of the Bonds by Green Bank is hereby authorized and approved. The Bonds shall be in an aggregate principal amount not to exceed $26,000,000 with the redemption provisions, if any, sinking fund installment payments, if any, interest rates, maturity dates (not to exceed twenty years from the date of the Bonds) and other terms of the Bonds as shall be determined and/or approved by the President and any Officer of Green Bank (each, an “Authorized Representative”), acting individually and within such limitations permitted herein and by the Act, and the execution of the Purchase Contract (as defined herein) reflecting such terms by an Authorized Representative shall constitute conclusive evidence of such determination; and

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

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

**FURTHER RESOLVED,** that Green Bank shall enter into a Project Support Commitment and Undertaking or other agreement substantially in the form presented to this meeting, with any changes to the form, terms and provisions thereof, as determined by an Authorized Representative and acceptable to OPM and OTT to further support the issuance of the Bonds; and

**FURTHER RESOLVED,** that Green Bank shall enter into an indenture of trust with The Bank of New York Mellon Trust Company, N.A., as trustee (the “Indenture of Trust”) to finance the SHREC Tranche 4 SHREC Receivables, substantially in the form presented to this meeting, with any changes to the form, terms and provisions thereof, as determined by an Authorized Representative; and the pledge or assignment of Green Bank’s revenues as provided therein is hereby approved; and

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

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

**FURTHER RESOLVED,** that the form, terms, provisions, and distribution of the Preliminary Official Statement for the Bonds dated on or about April 9, 2021 as presented to the Board at this meeting be, and they hereby are, approved, with any changes thereto as determined by an Authorized Representative; and

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

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

**FURTHER RESOLVED,** that the proper Green Bank officers, employees and representatives are authorized and empowered to do all other acts to issue the Bonds as they shall deem necessary and desirable to carry out the intent of this Resolution.

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

## 4. Adjourn

**Upon a motion made by Lonnie Reed and seconded by all, the Board of Directors Meeting adjourned at 12:28 pm.**

Respectfully submitted,

_____________________________

Lonnie Reed, Chairperson

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CONNECTICUT
GREEN BANK

# Memo

**To:** Bryan Garcia

**From:** Eric Shrago

**Date:** April 1, 2021

**Re:** Staff Salary Adjustments – Merit Pool

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The Connecticut Green Bank (the Green Bank) Board of Directors approved the following staff salary adjustments on June 26, 2020:

- **Merit Pool** – 3.0% merit pool of funds for staff members that have received exemplary performance reviews on their FY 2021 Performance Assessment, to receive up to 5.0% in additional salary compensation.

- **Revised Merit Pool** – Senior staff, wanting to recognize the stellar performance of staff in the previous fiscal year, but recognizing the impact that COVID19 had on the economy, cut the merit pool to 2.0% (i.e., from $136,671 to $91,114 – saving $42,423), with a maximum award of up to 4.0%, and merit would be retroactive to January 1, 2021 (i.e., not July 1, 2020).

As the Green Bank is focused on rewarding staff for performance, there is no COLA in FY 2021 – staff salaries will only be increased based on merit.

As a result of the Merit Pool salary adjustments, there are 38 staff members eligible to receive merit. Of the $$4,712,391 salary budget and the 3.0% board approved merit pool adjusted to 2.0% by Senior staff, there was $91,114 in salary adjustments that can be made from the Merit Pool.

**Process for Determining Salary Adjustment for Merit**
In order to determine what staff members received merit, the following process was undertaken:

1. **FY 2020 Goals** – in the fall of 2019, Green Bank Management cascaded the organization's goals consistent with the targets outlined in the Green Bank's three-year Comprehensive Plan. These goals are the basis for the FY 2020 Performance Assessment.

2. **FY 2020 Progress to Target Memos** – based on the FY 2020 goals established for each staff member and the organizational goals for each sector (i.e., financing programs, incentive programs), memos of the FY 2020 progress to targets were pulled together. These memos serve as a quantitative assessment of performance to targets.

3. **360 Degree Reviews** – all staff members, including directors and non-directors, received an internal review by their subordinates and their peers across five business competencies – (1) commitment to the organization, (2) communication skills, (3) experience, knowledge, and skills, (4) problem solving and decision-making, and (5) customer service. Senior staff members had two additional areas of subordinate and peer review, including (1) leadership, and (2) supervisory skills. These reviews were used as part of the FY 2020 Performance Assessments – to provide feedback and inform the rankings by the evaluator.

4. **Officer Review** –the performance review of the President and CEO is conducted by the Chair and Vice Chair of the Board of Directors. The performance reviews of the EVP and CIO, General Counsel and CLO, and VP, Financing Programs are conducted by the President and CEO with the board reviewing and approving any merit increases.

5. **Comparative Rankings of Performance** – to normalize these assessments, they were then ranked based on weighted averages on goal priorities and business competencies:

   - **Rankings** – there are five (5) rankings that can be given to employees for their goal achievement competencies and business competencies. The rankings include:
     - Exceeds Expectations – Performance exceeds job requirements and expectations on a constant basis.
     - Meets + – Performance always meets all job requirements and expectations and often exceeds requirements.
     - Meets expectations – Performance consistently meets all job requirements and expectations and sometimes exceeds requirements.
     - Below Expectations - Performance sometimes does not meet job requirements and expectations and sometimes meets requirements.
     - Unacceptable – Consistently falls below expectations. Major improvement is needed to meet base job requirements.

   - **Priorities** – a higher weighting of three (3) was given to high priority, two (2) for medium priority, and one (1) for low priority goals and business competencies.

- **Goal Competencies** – established at the beginning of the fiscal year, measurable goals and targets consistent with the Comprehensive Plan and Budget were established for each program. Measuring progress towards those goals is this evaluation metric.

- **Business Competencies** – based on the areas that I believe are most important to the continued success and growth of the Connecticut Green Bank, I used the following weightings for business competencies for Directors and Non-Directors (see Table 1):

**Table 1. Weightings for Business Competencies**

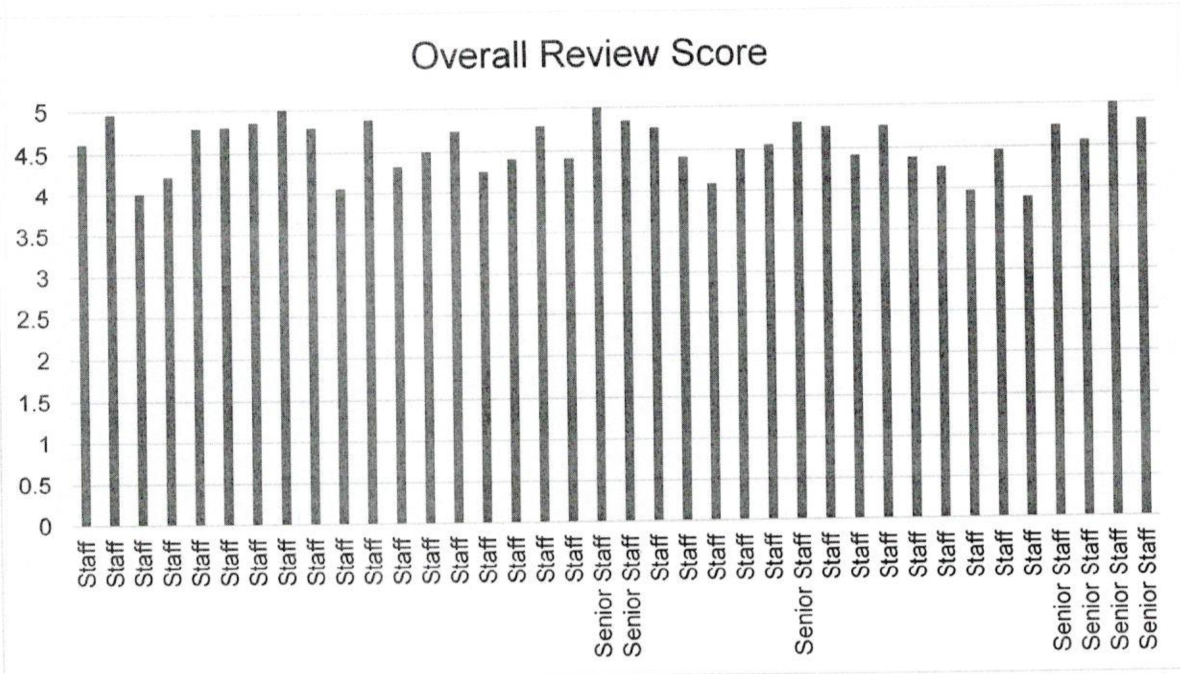
| Business Competencies | Directors | Non-Directors |
|---|---|---|
| Commitment | 1 | 3 |
| Communications | 3 | 2 |
| Experience and Knowledge | 1 | 1 |
| Problem-Solving | 3 | 3 |
| Customer Service | 2 | 3 |
| Leadership | 2 | n/a |
| Supervisory | 3 | n/a |

6. **Management Discussions** – based on the objective quantitative rankings of performance as well as formal and informal conversations among management staff, the President and CEO and the Managing Director of Operations, made the final merit decisions – except as they apply to the President and CEO, EVP and CIO, General Counsel and CLO, and VP, Financing Programs.

**Weighted Average Assessment of Performance**

Managers used the overall review score which takes into account the weighted evaluations on business competencies and goals and are illustrated in Figure 1.

**Figure 1. Weighted Average Performance of Goal and Business Competencies (Overall review score) by Position with Merit**




The average review score was 4.50 for staff and 4.82 for senior staff. The average merit increase for staff is 3.2%, while senior staff is 3.0%.

The Connecticut Green Bank has a high performing staff.

Based on the merit evaluation by positions, the following were the merit percentages by position within the Connecticut Green Bank (see Table 2):

**Table 2. Merit Percentage that Should Have been Earned by Staff in FY 2020**

| Staff | Classification | Merit Awarded |
|---|---|---|
| [redacted] | Staff | 4.0% |
| [redacted] | Staff | 2.0% |
| [redacted] | Staff | 4.0% |
| [redacted] | Staff | 2.0% |
| [redacted] | Staff | 4.0% |
| [redacted] | Staff | 4.0% |
| [redacted] | Staff | 4.0% |
| [redacted] | Staff | 2.0% |
| [redacted] | Staff | 3.0% |
| [redacted] | Staff | 3.0% |
| [redacted] | Staff | 3.0% |
| [redacted] | Staff | 2.5% |

| | | |
|---|---|---|
| [redacted] | Staff | 3.5% |
| [redacted] | Staff | 4.0% |
| [redacted] | Staff | 3.5% |
| [redacted] | Staff | 2.0% |
| [redacted] | Staff | 3.5% |
| [redacted] | Staff | 4.0% |
| [redacted] | Staff | 4.0% |
| [redacted] | Staff | 4.0% |
| [redacted] | Staff | 3.0% |
| [redacted] | Staff | 4.0% |
| [redacted] | Staff | 3.7% |
| [redacted] | Staff | 4.0% |
| [redacted] | Staff | 4.0% |
| [redacted] | Staff | 2.0% |
| [redacted] | Staff | 2.0% |
| [redacted] | Staff | 2.0% |
| [redacted] | Staff | 4.0% |
| [redacted] | Staff | 3.0% |
| [redacted] | Senior Staff | 3.0% |
| [redacted] | Senior Staff | 3.0% |
| [redacted] | Senior Staff | 3.0% |
| [redacted] | Senior Staff | 3.0% |
| [redacted] | Senior Staff | 3.0% |
| [redacted] | Senior Staff | 3.0% |
| [redacted] | Senior Staff | 3.0% |

The original Merit Pool of $136,671 was reduced to $91,114 in recognition of the current economy. From that revised pool, it cost $60,149 (i.e., 44% of the original merit pool approved by the Board in June of 2020) to recognize staff for their exemplary performance in FY 2020 above and beyond their roles and responsibilities.

Merit allocations, per the Bylaws and Operating Procedures, for the President and CEO, EVP and CIO, General Counsel and CLO, and VP-Financing Programs as officers of the Green Bank, are to be reviewed and approved by the Board of Directors. The Chair of the BOD decided to provide merit for all officers.

All increases were made effective January 1, 2021.

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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:** April 16, 2021

**Re:** Fiscal Year 2021 Progress to Targets through Q3

---

The following memo outlines Connecticut Green Bank (CGB) progress to targets for Fiscal Year (FY) 2021 as of March 31, 2021[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 | 5,035 | 3,177 | 158% | $158,361,359 | $96,660,000 | 164% | 45.1 | 27.0 | 167% |
| Battery Storage | 0 | 100 | 0% | $0 | $885,000 | 0% | 0.0 | 0.5 | 0% |
| Smart-E | 587 | 740 | 79% | $8,798,904 | $9,768,000 | 90% | 0.8 | 1.0 | 77% |
| Solar for All | 788 | 416 | 189% | $20,328,803 | $10,102,390 | 201% | 5.3 | 2.7 | 196% |
| **Total** | **5,816** | **3,913** | **149%** | **$169,489,798** | **$105,923,842** | **160%** | **46.8** | **27.5** | **170%** |

### Table 2. Smart-E Channels

| Smart-E Loan Channels | Closed | % of Loans |
|---|---|---|
| EV | 0 | 0% |
| Home Performance | 53 | 9% |
| HVAC | 446 | 76% |
| Solar | 68 | 12% |
| (blank) | 3 | 1% |
| **Total** | **587** | **100%** |

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[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 | 19 | 29 | 66% | $6,887,325 | $24,250,000 | 28% | 2.5 | 14.7 | 17% |
| CPACE | 24 | 29 | 83% | $16,613,231 | $13,700,000 | 121% | 2.2 | 4.6 | 47% |
| CPACE backed Commercial Solar PPA | 0 | 4 | 0% | $0 | $1,500,000 | 0% | 0.0 | 0.7 | 0% |
| SBEA | 268 | 1,203 | 22% | $5,440,962 | $20,440,000 | 27% | 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 | 5 | 2 | 250% | $4,195,139 | $225,000 | 1865% | 0.0 | 0.1 | 41% |
| Strategic Investments | 0 | 0 | 0% | $0 | $0 | 0% | 0.0 | 0.0 | 0% |
| **Total** | **314** | **1,273** | **25%** | **$32,802,751** | **$69,215,000** | **47%** | **4.7** | **20.7** | **23%** |

### Table 4. Multi-Family Units

| **MFH # of Units** | **Closed** |
|---|---|
| Affordable | 113 |
| Market Rate | 0 |
| **Total** | **113** |

### 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 | 5,816 | 3,913 | 149% | $169,489,798 | $105,923,842 | 160% | 46.8 | 27.5 | 170% |
| Financing Programs | 314 | 1,273 | 25% | $32,802,751 | $69,215,000 | 47% | 4.7 | 20.7 | 23% |
| **Total** | **6,130** | **5,186** | **118%** | **$202,292,549** | **$175,138,842** | **116%** | **51.5** | **48.2** | **107%** |

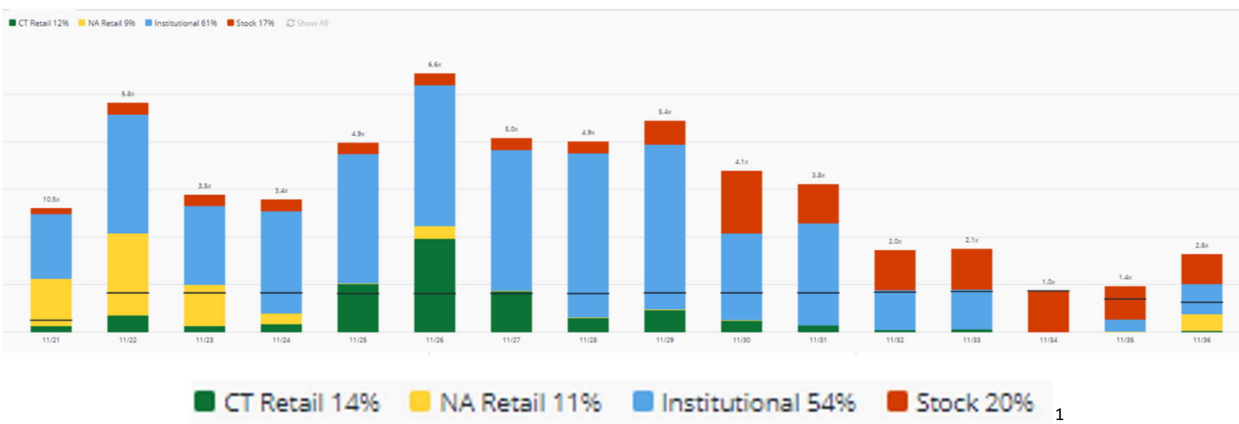
# Connecticut Green Bank

**State Supported Solar Home Renewable Energy Credit,**
**Green Liberty Bonds, Series 2021**
**(Federally Taxable) (Climate Bond Certified)**

On April 23, the Green Bank **successfully sold its second offering of $24,834,000 Green Liberty Bonds**!

The pricing process took place over two days – Wednesday, April 21st and Thursday, April 22nd (Earth Day). Managed by Stifel, the Retail Priority order period on Wednesday garnered very strong demand for bonds at multiple maturities, including 2021, 2022, 2023, and 2025-27. $20.5 million in retail orders were sufficient to fill requirements for 52% (or $12.8 million) of total bonds available for sale. On an aggregate basis (with institutional orders on Thursday), the offering was 3.97x oversubscribed (consequently, the underwriters took no bonds to inventory), with over $98 million of orders placed from a broad array of investors. Order coverage improved significantly from our first bond in July 2020, which resulted in $21.5 million in orders for $16.8 million in bonds, or a cover of 1.27x, with the underwriters taking $2.5 million to inventory (i.e., not sold on the day of pricing).

**Bond Orders by Investor Type by Maturity**



[1]

The bonds were initially offered with yields ranging from 0.35% in November of 2021 to 2.95% in November of 2036, with a True Interest Cost ("TIC") of 2.45%. However, due to the significant demand both at the retail and institutional level, bond pricing was adjusted downward by 5-12 basis points across all maturities through 2032, and the TIC fell to 2.42%. This is a significant pricing improvement from our first bond issued in July 2020, which had a slightly shorter weighted average life (8.14 yrs vs 8.21 yrs) with a TIC of 2.61%. Green Bank was able to benefit not only from a strong improvement in municipal spreads vs. comparable US Treasury maturities last summer, but also from intelligence gathered by co-manager Ramirez vis-à-vis the syndicate selling group which resulted in robust selling.

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[1] A stock order is when an underwriter or selling syndicate member places an order to support the deal, even if they haven't yet sold the bonds.

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

| Bond Component | Maturity Date | Amount | Rate |
|---|---|---|---|
| Serial Bonds: | | | |
| | 11/15/2021 | 499,000 | 0.230% |
| | 11/15/2022 | 1,674,000 | 0.350% |
| | 11/15/2023 | 1,663,000 | 0.550% |
| | 11/15/2024 | 1,654,000 | 0.850% |
| | 11/15/2025 | 1,647,000 | 1.200% |
| | 11/15/2026 | 1,644,000 | 1.450% |
| | 11/15/2027 | 1,643,000 | 1.800% |
| | 11/15/2028 | 1,645,000 | 1.950% |
| | 11/15/2029 | 1,647,000 | 2.150% |
| | 11/15/2030 | 1,649,000 | 2.300% |
| | 11/15/2031 | 1,659,000 | 2.400% |
| | 11/15/2032 | 1,684,000 | 2.550% |
| | 11/15/2033 | 1,711,000 | 2.650% |
| | 11/15/2034 | 1,738,000 | 2.750% |
| | 11/15/2035 | 1,416,000 | 2.850% |
| | 11/15/2036 | 1,261,000 | 2.950% |
| | | 24,834,000 | |

The underwriter and senior manager for the sale of the bonds is Stifel & Co and the co-manager is Ramirez & Co. Bob Lamb of Lamont Financial is our Financial Advisor and Bruce Chudwick and Matt Ritter of Shipman and Goodwin served as our bond counsel.

The Green Liberty Bonds were **created in honor of Earth Day**, and are a type of "green bond" whose proceeds are used to invest in projects that confront climate change in Connecticut**. Climate Bond Certified and modelled after the Series-E War Bonds of the 1940's**, the bonds must be able to be purchased by everyday citizens through smaller denominations – no more than $1,000, enabling these smaller investors to invest in green projects for others in their community to "save, for the planet". We were (are) **focused on increasing retail purchasers of green bonds** whose proceeds are used to confront climate change.

We received a lot of press from the issuance, including:

- **PV Magazine**: https://pv-magazine-usa.com/2021/04/13/sunrise-brief-partners-announce-2b-investment-in-utility-scale-solar-and-wind/
- **Electric Energy Online:** https://electricenergyonline.com/article/energy/category/financial/51/892385/connecticut-green-bankconnecticut-green-bank-announces-2021-green-liberty-bond-issuance-to-support-state-s-green-energy-economy.html
- **Fairfield County Business Journal**: https://westfaironline.com/135103/connecticut-green-bank-plans-second-green-liberty-bond-issuance/
- **High Profile New England Facilities Development News**: https://www.high-profile.com/green-liberty-bond-supports-investment-in-green-energy-economy/

In terms of the retail purchasing, individuals accounted for 57% of the retail orders with the balance from professionally managed retail accounts such as private wealth managers and bank trusts. **Total retail orders exceeded $20.7 million including $11.8 million from Connecticut residents with the remaining $8.9 million from people across the country**. Retail orders for bonds maturing in 2021-2023 totaled over 2.19x the number of bonds available. With retail oversubscription in the front end of the structure, the underwriters were able to lower yields in the 2021, 2022, and 2026 by 5 basis points prior to the institutional order period.

The success of the retail order period was particularly outstanding when compared to the retail results of other issuers of comparable size. A total of 165 retail orders were placed on Wednesday (85 CT, 80 National), which per the Stifel Capital Markets representative is a "staggering" figure relative to the size of the offering (and exceeded Stifel's goal of 100 retail orders overall). **It was very unusual to see such a turnout of individual investors, and Connecticut residents specifically, to make direct purchases, as opposed to having institutions buy on behalf of large groups of such individuals**. Before the date of sale, the Green Bank was able to use an extensive e-mail list of homeowners and businesses that have participated in Green Bank programs and conducted two webinars in order to stimulate interest in the bond issue – www.greenlibertybonds.com.

The institutional order period, which took place from approximately 9:30am until 11:00am on Wednesday, April 21st, **saw interest from multiple ESG buyers**. Having so many of the bonds pre-sold to retail investors bolstered a favorable supply/demand dynamic for the Green Bank's offering. **Large institutional orders, totaling $59.6 million, were for nearly every maturity with anchor orders from** [redacted] Feedback from investors was overwhelmingly positive, with the capital markets desk reporting that some institutional investors only participated because of the strong green bond verification standards put in place for the offering, noting the difficulty in finding bonds with these high green standards.

After completion of the strong institutional order period, the underwriters finalized the purchase the Green Bank's Green Liberty Bonds with an additional reduction of 7 basis points for the November 2021 maturity with 5 basis points yield adjustments (lower) in the remaining maturities to 2031 (bonds maturing 2032 to 2036 were not adjusted).

The **Green Bank was successfully able to place its bonds with final yields ranging from 0.23% to 2.95%**, in line with spreads of corresponding maturities of the State's CHFA bonds that priced in the prior week. Overall, the Green Bank was able to achieve a True Interest Cost (TIC) of 2.420% to help continue to fund its clean energy programs for years to come. **This TIC represents a decrease to the 2.61% yield for the Green Liberty Bonds issued in 2020**.

| Issuer (Issue) | Connecticut Green Bank<br>State Supported SHREC, Green Liberty Bonds, Series 2021<br>(Federally Taxable) (Climate Bond Certified) | Connecticut Housing Finance Authority<br>State Supported Special Obligation Bonds, Series 29<br>(Federally Taxable) |
|---|---|---|
| Par Amt | **$24,834,000** | **$29,300,000** |
| Under. Rating | **-- / A / --** | **Aa3 / A / --** |
| Insurance | None | None |
| Bank Qualified | No | No |
| Optional Call | 11/15/2030 @ 100% | Non-Callable |
| Pricing Date | **Proposed Final Pricing: April 22, 2021** | **April 14, 2021** |

| Year | Par | Coupon | Yield | UST | Ref. | Spread (bps) | Par | Coupon | Yield | UST | Ref. | Spread (bps) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2021 | $499,000 | 0.230% | 0.230% | 0.149% | 2yr | **+8** | | | | | | |
| 2022 | 1,674,000 | 0.350 | 0.350 | 0.149 | 2yr | **+20** | $3,370,000 | 0.450% | 0.450% | 0.160% | 2yr | **+29** |
| 2023 | 1,663,000 | 0.550 | 0.550 | 0.149 | 2yr | **+40** | 3,390,000 | 0.550 | 0.550 | 0.160 | 2yr | **+39** |
| 2024 | 1,654,000 | 0.850 | 0.850 | 0.328 | 3yr | **+52** | 3,405,000 | 0.850 | 0.850 | 0.350 | 3yr | **+50** |
| 2025 | 1,647,000 | 1.200 | 1.200 | 0.820 | 5yr | **+38** | 3,430,000 | 1.200 | 1.200 | 0.870 | 5yr | **+33** |
| 2026 | 1,644,000 | 1.450 | 1.450 | 0.820 | 5yr | **+63** | 3,765,000 | 1.490 | 1.490 | 0.870 | 5yr | **+62** |
| 2027 | 1,643,000 | 1.800 | 1.800 | 1.259 | 7yr | **+54** | 3,520,000 | 1.850 | 1.850 | 1.310 | 7yr | **+54** |
| 2028 | 1,645,000 | 1.950 | 1.950 | 1.259 | 7yr | **+69** | 3,590,000 | 2.000 | 2.000 | 1.310 | 7yr | **+69** |
| 2029 | 1,647,000 | 2.150 | 2.150 | 1.580 | 10yr | **+57** | 3,660,000 | 2.250 | 2.250 | 1.640 | 10yr | **+61** |
| 2030 | 1,649,000 | 2.300 | 2.300 | 1.580 | 10yr | **+72** | 1,170,000 | 2.370 | 2.370 | 1.640 | 10yr | **+73** |
| 2031 | 1,659,000 | 2.400 | 2.400 | 1.580 | 10yr | **+82** | | | | | | |
| 2032 | 1,684,000 | 2.550 | 2.550 | 1.580 | 10yr | **+97** | | | | | | |
| 2033 | 1,711,000 | 2.650 | 2.650 | 1.580 | 10yr | **+107** | | | | | | |
| 2034 | 1,738,000 | 2.750 | 2.750 | 1.580 | 10yr | **+117** | | | | | | |
| 2035 | 1,416,000 | 2.850 | 2.850 | 1.580 | 10yr | **+127** | | | | | | |
| 2036 | 1,261,000 | 2.950 | 2.950 | 1.580 | 10yr | **+137** | | | | | | |

**The Green Bank greatly appreciates and recognizes the assistance of the staffs of the Office of the State Treasurer and of the Office of Policy and Management in making the second issuance of the Green Liberty Bonds a success**!

In the coming weeks, we are going to plan something to further commemorate this important occasion.

Appreciatively,

Green Liberty Bond Team

**Bryan Garcia**
President & CEO, Connecticut Green Bank

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CONNECTICUT GREEN BANK

# Investment Modification Memo

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

**CC:** Bryan Garcia, President and CEO; Jane Murphy, Vice President of Accounting and Financial Reporting; Brian Farnen, General Counsel and CLO; Eric Shrago, Managing Director of Operations; Sergio Carrillo, Director of Incentive Programs

**From:** Bert Hunter, EVP and CIO

**Date:** April 16, 2021

**Re:** PosiGen Senior Facility Upsize (No New Connecticut Green Bank Exposure)

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## Background

In January 2020, with the support of the Board of Directors (the "Board") of the Connecticut Green Bank ("Green Bank"), our strategic partner for LMI solar and energy efficiency, PosiGen, Inc. and its subsidiaries (collectively, "PosiGen"), refinanced its first lien asset-backed debt with Ares Capital Corporation ("Ares"). (The Green Bank is the "2nd Lien" lender subordinated to Ares in that facility.) At the time (that is, prior to COVID-19), PosiGen anticipated this refinancing would serve as an initial step in a broader overhaul of its balance sheet inclusive of additional equity investment. However, the disruption in the market caused by COVID-19 led to the withdrawal of various term sheets that the company had in hand in early 2020, in favor of a general "wait and see" approach by investors given the low- and moderate-income ("LMI") population whom PosiGen serves and the general uncertainty caused by the pandemic.

Over the course of 2020, PosiGen continued to deliver on its most critical key performance indicators ("KPIs") across the company's various markets, with portfolio performance remaining strong (i.e., consistent collections and low delinquencies) despite the economic headwinds of COVID-19. And in December of last year, with the support of the Green Bank, the company completed an initial closing of its Series D equity round to stabilize its corporate backbone, while at the same time either converting or restructuring much of its corporate debt to provide a clean runway for ongoing growth. As announced in press releases, PosiGen's "Series D" investment syndicate was led by the Builders Fund, The 2040 Fund, and Emerson Collective.[1] Thanks to this success, combined with the favorable renewable energy policy changes of the last few months at the federal level – namely, the extension of the federal Investment Tax Credit together with massive federal stimulus driving a reflating economy which has heralded a stronger and more positive investment climate, as well as an increasing focus generally on social equity as a key component of efforts to combat climate change,– PosiGen has stabilized in 2021 with significant tailwinds that have now positioned the company well to scale much more rapidly and continue to enhance its capital structure.

Green Bank staff has been advised by PosiGen leadership that the company expects to be able to refinance our 2nd Lien position in the Ares credit facility within the next 12 months, in advance of its January 2023 maturity. However, to enable PosiGen to do so in the most strategic fashion, PosiGen is requesting and staff is recommending Board approval to enable Ares to upsize (i.e., increase) its existing 1st lien facility with Posigen for another year, so that PosiGen can realize on the opportunities in front of it (i.e.,

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[1] The Builders Fund is a growth-stage private equity firm investing in the disruption - and opportunity - created by the need to solve large social and environmental challenges. The 2040 Fund invests in private and publicly listed securities focused on climate adaptation and resilience, focusing on water systems and technology, the future of food, and energy transition. Emerson Collective deploys a wide range of tools — from impact investing to philanthropy to advocacy — in pursuit of a more equal and just America, focusing on creating systemic change in education, immigration, climate, and cancer research and treatment.

continue to fund its sales and installation pipeline) and ensure that its next asset-backed debt structure most effectively lowers its cost of capital in order to pass on those refinancing benefits to its LMI customers.

## PosiGen's Growth in Connecticut

To level-set with respect to how PosiGen has prioritized Connecticut since it entered the market in partnership with the Green Bank five years ago, the company has grown its local presence substantially:

- PosiGen has now installed over 4,000 residential systems (plus energy efficiency upgrades) in the state, with over 60% of those installations serving LMI households
- On a monthly basis, PosiGen now installs more systems in Connecticut than the rest of the country combined, with March 2021 seeing over 200 new projects deployed in state
- With respect to employment figures, PosiGen has continued to invest in its Connecticut workforce and now has over 100 direct staff members on the ground, all of whom earn a living wage, receive good benefits, and participate in the company's stock option plan. This headcount figure includes operations and warehouse jobs, frontline salespeople, a dedicated call center, and a variety of management positions, but excludes the various subcontracted third-party solar installation and energy efficiency upgrade crews that also work exclusively on PosiGen projects

Given that PosiGen hires predominantly from the communities it serves, the economic development and green jobs story here is really just as important as the clean energy deployment story, when it comes to the impact to date of the Green Bank's partnership with PosiGen.

## Back-Leverage Facilities

As previously advised to and approved by the Board, the Green Bank currently provides a 2nd lien asset-backed facility to PosiGen, at a 17% advance rate against the net present value of the contracted cash flow associated with the company's operating portfolio of solar leases. The total amount of Green Bank exposure for this position is $14 million (fully drawn and outstanding). This is in addition to a 1st lien facility that is collateralized by the Performance Based Incentive ("PBI") that the company receives from the Green Bank, which represents another $5 million of non-participated exposure (total exposure limit $19 million – actual outstanding balance at 3/31/21: $18.3 million). Both of these credit lines are currently capped, and staff is <u>not</u> requesting an increase in either.

The 2nd lien facility sits behind Ares, with Ares currently advancing 72% against that asset-backed borrowing base. The Ares facility is sized at $75 million, but PosiGen's robust expansion in 2021 – again, anchored primarily in Connecticut – will soon see the company reach its limit under the Ares line. Subject to Green Bank approval, Ares would upsize its commitment to PosiGen by up to $50 million, so as to be able to continue to lend against the company's growing pool of deployed assets.

## PosiGen's Increasing Corporate Stability and Back-Leverage Optionality

From a corporate perspective, in addition to the $33 million in new equity (the "Series D round") that the company closed in December, PosiGen is about to complete its Series D round with a significant oversubscription [redacted]. A variety of prominent growth equity and investment management investors are participating in the completion of the round, giving PosiGen the financial backing it needs to scale in a sustainable fashion. Additionally, in March, the company closed on a [redacted] million working capital line led by the Connecticut-based Small Business Investment Corporation [redacted] and just last week completed the upsizing of its tax equity facilities with the leading U.S. roofing manufacturer GAF to the tune of another [redacted] million.[2]

[2] This tax equity investment by GAF is similar in nature to the investment by US Bank in the Green Bank Solar Lease 2 and Solar Lease 3 partnerships. Consequently, these do not constitute an investment in the ownership of PosiGen, but rather a partial ownership of residential solar PV assets owned by partnerships in the PosiGen ownership structure.

After years of struggling to raise funds because of its "Solar for All" approach (that is, with alternative underwriting standards for its predominantly LMI customers based on saving customers money rather than FICO or income thresholds), the silver lining of COVID-19 for PosiGen was the demonstrated and ongoing strength of its residential solar portfolio. With strong evidence that LMI customers who are benefiting from PosiGen's solar plus energy efficiency projects will continue to pay their bills, the company's core thesis – one that the Green Bank supports – has now been validated, and investors (in this much brighter economic environment) are finally eager to place capital with the company. Combined with the general rising level of focus on environmental, social, and governance matters in the investment community, and PosiGen's unique positioning in the market, the company no longer anticipates that access to capital will be the ongoing barrier it has been for PosiGen for so long.

As further evidence for this point, PosiGen now has in hand multiple term sheets to refinance the entirety of its asset-backed debt. One example is attached to this memo in the form of Exhibit A, from a leading alternative investment management firm focused on real estate, credit, infrastructure/energy, renewables, and growth equity (who will also be participating in the company's Series D equity round). This term sheet represents a meaningful improvement upon Ares' existing terms, with a higher advance rate, a meaningfully lower cost of capital, and far fewer restrictive covenants. PosiGen has similarly fielded term sheets and indications of interest from numerous large institutional credit providers. PosiGen's portfolio performance, in combination with the demonstrated market interest in refinancing it at the company's discretion, gives Green Bank staff confidence that our 2$^{nd}$ lien position can and will be taken out in advance of our facility's maturity date in January 2023.

Having said that, we share PosiGen's interest in using this moment to lower the company's cost of capital as rapidly as possible, to continue to stabilize and grow PosiGen and for the benefit of the LMI customers we collectively aim to serve. We are encouraged by PosiGen's exploration of two emerging possibilities to more radically improve the terms it is receiving on its back-leverage:

[redacted]

Both options are certainly appealing to PosiGen, of course, and for different reasons, but neither is guaranteed to succeed given the execution risk involved. Nonetheless, Green Bank staff agrees with the company that both are worth pursuing over the next few quarters, given the transformative possibilities they represent, and that the refinancing optionality represented by Exhibit A and the like will still be there later this year if need be.

## Recommendation

Green Bank support over the years has proven critical to the company in navigating turbulent times and demonstrating its ability to succeed in delivering access and value to an LMI market that no one else is serving at scale. This support has contributed measurably to PosiGen's stronger financial position. Moreover, the market has finally started to recognize what the Green Bank saw years ago – that PosiGen's customer base does in fact represent an investable opportunity, with strong portfolio performance due to the economic benefit delivered – and the company is now well set up to capitalize on its leadership position and scale further in Connecticut and beyond.

To be clear, Green Bank staff is not recommending any new Green Bank balance sheet exposure to the company, beyond any potential third-party participants who might want to join our 2nd lien facility while it remains outstanding, but staff nonetheless believes that allowing Ares to upsize its facility is a prudent risk and crucial to enabling PosiGen to continue to deploy assets while the company pursues more transformative options to lower its cost of capital in 2021.

## Resolutions

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

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

**WHEREAS**, Ares Capital Corporation ("Ares") is currently the senior lender in the BL Facility and would like to increase its position against a growing borrowing base of lease assets by up to $50 million, as explained in the memorandum to the Board dated April 16, 2021 (the "Board Memo").

**NOW**, therefore be it:

**RESOLVED,** that the Board authorizes the Green Bank to consent to an increase in the Ares BL Facility size as set forth in the Board Memo, without increasing Green Bank's exposure to PosiGen;

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

Submitted by: Bert Hunter, EVP and CIO

[redacted]

March 15, 2021

Rory Meyers
PLEXUS Solutions LLC

[redacted]

[redacted]

Agreed and accepted as of this ___ day of March, 2021

**PosiGen, Inc.**

By: ______________________________
Name:
Title:

[redacted]
Title: Managing Director

The following is intended to summarize certain basic terms of the proposed Term Loan (the "Investment"). It is not intended as a definitive list of all our requirements in connection with the financing. This summary term sheet does not constitute a commitment, a contract to provide a commitment, or an offer to enter into a contract regarding the proposed Investment on these or any other terms. Such commitment, contract, or offer is subject to, among other things, completing our due diligence, the final customary approval of the applicable Lender(s) Investment Committees, and delivery of final loan documentation satisfactory to Lender(s). These summary terms and conditions are confidential and should be treated as such and should not be discussed with any other party, except for the Sponsors, Borrower, and respective advisors.

## POSIGEN BACKLEVERAGE, LLC

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

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**ctgreenbank.com**

# Memo

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

**From:** David Beech, Associate Manager, Clean Energy Finance and Bert Hunter, EVP & CIO

**CC:** Bryan Garcia, President and CEO; Brian Farnen, General Counsel and CLO

**Date:** April 18, 2021

**Re:** Approval to Finance up to Ten Additional Solar Facilities through CGB's Existing Senior Secured Term Loan to Skyview Ventures LLC's ("Skyview") Special Purpose Vehicle

---

## Introduction: Up to Ten Additional Solar Projects for Connecticut Green Bank's ("CGB") Existing Term Loan to Skyview

This memorandum offers an update to the CGB Board of Directors (the "Board") on the performance of the existing senior secured term loan facility ("Term Loan"), and makes a request for approval to advance against up to ten additional projects detailed under the Expanded Project Pipeline section.

**Expanded Project Pipeline**

Beyond the projects being financed under the existing Term Loan, Skyview has continued to develop a pipeline of high quality commercial solar power purchase agreement projects ("PPA Projects") with primarily municipal off-takers in Connecticut. The PPA Projects are due to achieve commercial operations in the remaining months of 2021 and into 2022. Skyview has offered CGB the opportunity to advance debt against these PPA and virtual net metering ("VNM") Projects under the existing Term Loan. Table 1 summarizes Skyview's updated financeable pipeline of PPA and VNM Projects.

Table 1 – Skyview PPA Project Pipeline, 2021 and 2022

| PPA Project | Size (kW) | Commercial Operations Target Date | Notes |
|---|---|---|---|
| [redacted] | | | |

| | | | |
|---|---|---|---|
| [redacted] | | | |
| **Total** | **6.3 MW** | | |

The purpose of the request at this time is not to increase the size of the Term Loan, but to qualify additional projects within the existing limit of the Term Loan to enable operational flexibility for CGB and Skyview as various projects are completed. **Subsequently, depending upon Skyview's progress in completing projects, staff may return to the Board for approval of lending capacity in addition to the current $7 million limit**. CGB will conduct the same due diligence activities on PPA Projects in the expanded pipeline as it has on PPA Projects it has financed to date. CGB reserves the right in the loan documentation to not finance any PPA Project that does not meet its diligence requirements, including but not limited to:

- [redacted]
- CGB review and approval of the major contracts associated with the PPA Projects (PPA, engineering, procurement and construction agreement, renewable energy credit contract)
- Use of 'tier 1' equipment in the construction of the PPA Projects
- CGB review and approval of operations and maintenance contracted program
- Underwriting of offtaker / review of evidence that offtaker has recently issued investment grade rated debt (or that a credit rating on outstanding debt has been affirmed as investment grade)

## Background: Existing Term Loan with Skyview Ventures

Since its approval in March of 2020, the existing Term Loan with Skyview's wholly owned special purpose vehicle ("SPV") has expanded to $7M. Through five separate advances, CGB has deployed $3,235,808 against 27 solar facilities, representing a total of 2.3 MW. Table 2 below details the history of the loan facility:

Table 2 – History of Skyview SPV

| Date of Board Approval | Total Facility Size, MM | Further Detail |
|---|---|---|
| March 25, 2020 | $2.3 | Appendix 3: Terms of Original Loan |
| April 24, 2020 | $3.5 | Appendix 2: Board Memo |
| October 23, 2020 | $7.0 | Appendix 1: Board Memo |

**Term Loan Performance**

- Borrower is current on quarterly principal and interest payments

## Ratepayer Payback

*How much clean energy is being produced (i.e. kWh over the projects' lifetime) from the project versus the dollars of ratepayer funds at risk?*

The total portfolio is expected to produce 80,000,000 kWh of energy, over a 15 year period, and the Term Loan is up to $7.0M. The kWh / $ ratepayer funds at risk is forecast to be 11.4.

## Capital Extended

*How much of the ratepayer and other capital that Green Bank manages is being expended on the project?*

The Term Loan will not exceed $7.0M, as approved in the October 23, 2020 Board meeting.

## Recommendation

In conclusion, based on the performance of the Existing Term Loan and the underlying assets that secure it, as well as the proposed due diligence approach for future PPA Projects which could be financed by the Existing Term Loan, Staff recommends approval of the Expanded Pipeline of Projects, with the Term Loan facility not to exceed $7.0M.

## Revised and Restated Resolutions

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

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

**WHEREAS**, the Green Bank has established a working relationship with a private sector Connecticut-based solar developer, Skyview Ventures LLC ("Skyview"), and through that relationship the Green Bank has an opportunity to deploy capital for commercial solar PPA projects developed by Skyview in Connecticut ("Skyview PPA Projects");

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

**WHEREAS**, based on diligence of Green Bank staff for a senior secured loan facility ("Original Term Loan") the Green Bank Deployment Committee (the "Deployment Committee") on February 27, 2020 recommended to the Green Bank Board of Directors (the "Board") the approval of the Term Loan transaction in an amount not to exceed $2.3M as a Strategic Selection and Award pursuant to the Green Bank Operating Procedures Section XII;

**WHEREAS,** the Board passed resolutions at its meeting held on March 25, 2020 to approve the Original Term Loan transaction in an amount not to exceed $2.3M as a Strategic Selection and Award given the special capabilities, uniqueness, strategic importance, urgency and timeliness, and multi-phase characteristics of the Original Term Loan transaction;

**WHEREAS,** the Board authorized the expansion of the Original Term Loan transaction in an amount not to exceed $3.5M on April 24, 2020 (the "Modified Term Loan");

**WHEREAS,** the Board authorized the expansion of the Modified Term Loan transaction to an amount not to exceed $7M on October 23, 2020 (the "Existing Term Loan"); and

**WHEREAS**, based on an expanding pipeline of Skyview PPA Projects and diligence of Green Bank staff, Green Bank staff proposes the expanded pipeline be approved for future advances within the limits of the Existing Term Loan.

**NOW**, therefore be it:

**RESOLVED,** that the Board hereby amends and restates its approval of the Existing Term Loan transaction as described in the Project Qualification Memo submitted by the staff to the Board and dated April 18, 2021 (the "Memorandum") to include the expanded project pipeline of Skyview PPA Projects to be qualified for future advances within the $7,000,000 limit of the Existing Term Loan on terms and conditions substantially consistent with those described in the Memorandum as a Strategic Selection and Award pursuant to the Green Bank Operating Procedures Section XII given the special capabilities, uniqueness, strategic importance, urgency and timeliness, and multi-phase characteristics of the Existing Term Loan transaction; and

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

Submitted by: David Beech, Associate Manager, Clean Energy Finance and Bert Hunter, EVP & CIO

Appendix 1: Memo to Board for approval of $7M Term Loan

# Memo

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

**From:** Louise Della Pesca, Associate Director, Clean Energy Finance and Bert Hunter, EVP & CIO

**CC:** Bryan Garcia, President and CEO; Brian Farnen, General Counsel and CLO

**Date:** October 14, 2020

**Re:** Financing for a Senior Secured Term Loan to Special Purpose Vehicle owned by Skyview Ventures LLC: Expansion from $3.5M to $7.0M

[redacted]

Memo found in CGB Board Minutes folder

Appendix 2: Memo to Board for approval of $3.5M Term Loan

# Memo

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

**From:** Louise Della Pesca, Associate Director, Clean Energy Finance; Desiree Miller, Senior Manager, Clean Energy Finance; Fiona Stewart, Manager, Clean Energy Finance; Mariana Cardenas Trief, Principal, Monte Verde Consulting LLC

**CC:** Bryan Garcia, President and CEO; Bert Hunter, EVP and CIO; Brian Farnen, General Counsel and CLO

**Date:** April 17, 2020

**Re:** Financing for a Senior Secured Term Loan to Special Purpose Vehicle owned by Skyview Ventures LLC in an amount not to exceed $3.5M

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[redacted]

Memo found in CGB Board Minutes folder

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# 105 Alton Brooks Way

# C-PACE Project in New Britain, CT

## COVID-19 Repayment Modification Board Approval Request

## 04/16/2021

[redacted]

**Document Purpose:** This document contains background information and due diligence on the 105 Alton Brooks Way facility and the stakeholders involved, including Mario Gioco, Polamer Realty NB LLC , and the town of New Britain, CT, as pertaining to the Borrower's request to modify their C-PACE repayment in light of the COVID-19 outbreak. [redacted]

[redacted]

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CONNECTICUT GREEN BANK

# COVID-19 Repayment Modification Request

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

**From:** David Beech, Associate Manager, Clean Energy Finance; Bert Hunter, EVP & CIO, Connecticut Green Bank; Mackey Dykes, Vice President, Financing Programs, Nicholas Zuba, Senior Manager, Financing Programs

**CC:** Bryan Garcia, President and CEO; Jane Murphy, Vice President of Accounting and Financial Reporting; Brian Farnen, General Counsel and CLO; Eric Shrago, Managing Director of Operations; and Catherine Duncan, Senior Loan Administrator, Accounting

**Date:** 4/16/2021

**Re:** C-PACE COVID-19 Repayment Modification for 105 Alton Brooks Way

## Background & Request

Polamer Precision Inc. ("Polamer") is a New Britain CT-based global aerospace manufacturing company specializing in complex aerospace engine components. In April 2014, the Connecticut Green Bank ("Green Bank") Board of Directors (the "Board") approved a C-PACE financing in the amount of $2,502,975 (more details below). Our operating procedures allow for a 10% increase above the Board approved amount to account for increases during the project development process – which did happen in the case of Polamer. This increase (approximately 10%) plus our fee plus capitalized interest during construction led to $2,842,049.37 outstanding:

| | |
|---|---|
| Principal | $2,726,125.19 |
| Closing Fee | $27,147.31 |
| Capitalized Interest | $88,776.87 |
| Principal + Cap Interest + Closing Fee | $2,842,049.37 |

## Property Details and C-PACE Financing Summary

In the summer of 2014, Polamer completed their corporate headquarters and manufacturing facility in New Britain CT. The construction included $2,842,049.37 (noted above) in C-PACE construction financing for a 954 kW rooftop solar PV system. The annual debt service for this transaction was $251,818. The current balance of the assessment is $2,579,757. The original underwriting memo is found in Exhibit B.

## COVID-19 and C-PACE Repayment Modification Summary

[redacted]

[redacted]

[redacted]

## Savings to Investment Ratio (SIR) and Effective Useful Life (EUL) Analysis

The SIR, EUL, and repayment terms are analyzed in the table below:

| Repayment Structure | Savings | Investment | SIR | EUL | Financing Term |
|---|---|---|---|---|---|
| Original Structure | $6,217,861 | $5,036,370 | 1.234 | 25 Years | 20 Years |
| Modified Structure | $6,217,861 | $5,615,630 | 1.11 | 25 Years | 23.5 Years |

| 105 Alton Brooks Way | | | | |
|---|---|---|---|---|
| Initial Investment | | | | |
| | | | | |
| | | **Original** | **Revised** | **Difference** |
| NPV | | $2,910,363.24 | $2,913,843.43 | $3,480 |
| | 3% | | | |
| | **Date** | **Amounts** | | |
| | | Original | Revised | |
| | 1/1/2016 | $125,909.23 | $125,909.23 | |
| | 7/1/2016 | $125,909.23 | $125,909.23 | |
| | 1/1/2017 | $125,909.23 | $125,909.23 | |
| | 7/1/2017 | $125,909.23 | $125,909.23 | |
| | 1/1/2018 | $125,909.23 | $125,909.23 | |
| | 7/1/2018 | $125,909.23 | $125,909.23 | |
| | 1/1/2019 | $125,909.23 | $125,909.23 | |
| | 7/1/2019 | $125,909.23 | $125,909.23 | |
| | 1/1/2020 | $125,909.23 | $125,909.23 | |
| | 7/1/2020 | $125,909.23 | $0.00 | |
| | 1/1/2021 | $125,909.23 | $0.00 | |
| | 7/1/2021 | $125,909.23 | $80,209.23 | |
| | 1/1/2022 | $125,909.23 | $81,538.67 | |
| | 7/1/2022 | $125,909.23 | $125,909.23 | |
| | 1/1/2023 | $125,909.23 | $125,909.23 | |
| | 7/1/2023 | $125,909.23 | $125,909.23 | |
| | 1/1/2024 | $125,909.23 | $125,909.23 | |
| | 7/1/2024 | $125,909.23 | $125,909.23 | |
| | 1/1/2025 | $125,909.23 | $125,909.23 | |
| | 7/1/2025 | $125,909.23 | $125,909.23 | |
| | 1/1/2026 | $125,909.23 | $125,909.23 | |
| | 7/1/2026 | $125,909.23 | $125,909.23 | |
| | 1/1/2027 | $125,909.23 | $125,909.23 | |
| | 7/1/2027 | $125,909.23 | $125,909.23 | |
| | 1/1/2028 | $125,909.23 | $125,909.23 | |
| | 7/1/2028 | $125,909.23 | $125,909.23 | |
| | 1/1/2029 | $125,909.23 | $125,909.23 | |
| | 7/1/2029 | $125,909.23 | $125,909.23 | |
| | 1/1/2030 | $125,909.23 | $125,909.23 | |
| | 7/1/2030 | $125,909.23 | $125,909.23 | |
| | 1/1/2031 | $125,909.23 | $125,909.23 | |
| | 7/1/2031 | $125,909.23 | $125,909.23 | |
| | 1/1/2032 | $125,909.23 | $125,909.23 | |
| | 7/1/2032 | $125,909.23 | $125,909.23 | |
| | 1/1/2033 | $125,909.23 | $125,909.23 | |
| | 7/1/2033 | $125,909.23 | $125,909.23 | |
| | 1/1/2034 | $125,909.23 | $125,909.23 | |
| | 7/1/2034 | $125,909.23 | $125,909.23 | |
| | 1/1/2035 | $125,909.23 | $125,909.23 | |
| | 7/1/2035 | $125,909.54 | $125,909.23 | |
| | 1/1/2036 | - | $125,909.23 | |
| | 7/1/2036 | - | $125,909.23 | |
| | 1/1/2037 | - | $125,909.23 | |
| | 7/1/2037 | - | $125,909.23 | |
| | | | $125,909.23 | |
| | | | $125,909.23 | |
| | | | $165,694.35 | |
| | | | | |
| Total | | $5,036,370 | $5,615,630 | |

## 2020 Financial Review Analysis

Staff has reviewed financials and concluded in an underwriting analysis (below and as Exhibit A) for the combined companies Polamer Precision, Inc. which includes the entity which owns 105 Alton Brooks Way. [redacted]

[redacted]

**Resolutions**

**WHEREAS**, pursuant to Connecticut General Statutes Section 16a-40g, 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 approved in April 2014 a construction and term loan secured by a C-PACE benefit assessment for Polamer Precision Inc. ("Polamer") New Britain, Connecticut, to finance the construction of specified clean energy and energy conservation measures in line with the State's Comprehensive Energy Strategy and the Green Bank's Strategic Plan; and

**WHEREAS**, as a result of COVID-19, Polamer has requested repayment modification (the "C-PACE Modification") and staff has recommended to the Board approval of Polamer's requested modification, pursuant to the Board approved Loan Loss Decision Framework and Process for managing assets requiring restructuring or write-off from the Green Bank's balance sheet as modified by the Board's approval of a COVID-19 pandemic response to enable restructuring of transactions.

**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 documentation to effect the C-PACE Modification consistent with the memorandum submitted to the Board dated April 16, 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 effect the above-mentioned legal instruments.

Submitted by: Bryan Garcia, President and CEO; Bert Hunter, EVP and CIO; Mackey Dykes, VP Financing Programs; Nicholas Zuba, Senior Manager, Financing Programs; David Beech, Associate Manager, Clean Energy Finance

# Exhibit B

[redacted]

## Polamer Precision: A C-PACE Project in New Britain, CT

| | | | | |
|---|---|---|---|---|
| **Address** | 105 Alton Brooks Way, New Britain, CT | | | |
| **Owner** | Polamer Realty NB, LLC | | | |
| **Proposed Assessment** | $2,502,975 | | | |
| **Term (*years*)** | 20 | | | |
| **Term Remaining (*months*)** | Pending construction completion | | | |
| **Annual Interest Rate** | 6.0% | | | |
| **Annual C-PACE Assessment** | $218,918 (assuming financing of closing costs) | | | |
| **Savings-to-Investment Ratio** | 1.17 | | | |
| **Average Debt-Service Coverage Ratio** | [redacted] | | | |
| **Total Loan-to-Value Ratio** | 60% (C-PACE lien-to-value ratio of 15%) | | | |
| **Projected Energy Savings** | | EE | RE | Total |
| | Per year | - | 1,319,000 kWh | 1,319,000 kWh |
| | Over term of loan | - | 24,133 MWh | 24,133 MWh |
| **Estimated Cost Savings (incl. ZRECs)** | Per year | - | $253,920 | $253,920 |
| | Over term of loan | - | $5,109,544 | $5,109,544 |
| **Location** | City of New Britain | | | |
| **Type of Building** | Manufacturing / Industrial Plant | | | |
| **Year of Build** | 2014 | | | |
| **Building Size (*sf*)** | 150,000 | | | |
| **Year Acquired by Current Owner** | 2012 | | | |
| **As-Complete Appraised Value** | [redacted] | | | |
| **Status of Mortgage Lender Consent** | [redacted] | | | |
| **Proposed Project Description** | 954 kW solar PV installation | | | |
| **Est. Date of Construction Completion** | Pending closing | | | |
| **Current Status** | Awaiting Board of Directors approval | | | |
| **Energy Contractors** | [redacted] | | | |
| **Additional Comments** | [redacted] | | | |

State of Connecticut

FY 2020

# Sustainability Performance Plan

## CT Green Bank

Prepared by Eric Shrago
Senior Sustainability Officer

Approved by Bryan Garcia
President and CEO

*This report was written in compliance with section 5 of Executive Order 1.*

# EO 1 Background

On April 24, 2019, Governor Lamont launched the GreenerGov CT initiative by signing Executive Order 1 (EO 1) which directs Executive Branch agencies to advance environmental leadership and cost savings for taxpayers by reducing greenhouse gas emissions and other sustainability objectives in energy use in buildings and vehicles, water use, and waste disposal.

EO 1 calls on agencies to recommit to and expand the state's Lead by Example (LBE) program to reduce the operating costs and environmental impacts of state government facilities and operations. EO 1 builds on the foundation of the state's LBE program by setting new sustainability goals, listed below, for Executive Branch agencies and invoking deeper levels of commitment and participation.

**GHG**
45% reduction in GHG emissions below 2001 levels

**WATER**
10% reduction in water consumption from a FY20 baseline

**WASTE**
25% reduction in waste disposal from a FY20 baseline

Since the GreenerGov CT initiative was launched, significant progress has been made towards laying the groundwork for expanded LBE initiatives in the future: governance structures were established, baseline data was collected, and financing and project strategies were developed. Additionally, agencies reported completing or making progress on 120+ sustainability projects in FY19 in the first annual agency Sustainability Performance Plans. Sustainability Performance Plans are plans drafted each year by Senior Sustainability Officers to detail agency progress and necessary goals, actions, and responsible parties to achieve the targets set in EO 1.

In 2020, the COVID-19 pandemic brought significant changes to the operations of state agencies as agencies responded to the crisis. The impact of the pandemic on the sustainability goals of EO 1 is not yet known, but some effects will be documented in the FY20 Sustainability Performance Plans and the GreenerGov CT Progress Report.

# CTGB and EO 1

**CTGB's mission**

The mission of the Connecticut Green Bank is to confront climate change and provide all of society a healthier and more prosperous future by increasing and accelerating the flow of private capital into markets that energize the green economy. The Comprehensive Plan of the Green Bank can be found here: https://www.ctgreenbank.com/wp-content/uploads/2021/01/Comprehensive-Plan_FY-2020-and-Beyond_Final_012521.pdf

**CTGB's FY20 participation overview**

The Green Bank continued to be an eager participant in the initiative by sending staff to participate in many of the working groups including the Renewables, Energy Efficiency, Transportation, Public Engagement, and the Sustainability in Leased Spaces working groups. Additionally, the Green Bank is an active part of the Green Gov CT Project Finance working group and is eager to provide access to capital (including using its bonding capabilities) to finance projects resulting from the initiative. While many of these groups work slowed in FY 20, the Green Bank made considerable progress toward getting the first round of state solar projects closed. In 2020, the Green Bank readied its inaugural offer of Green Liberty Bonds to Connecticut residents allowing them to directly support and invest in projects that are part of our Green Energy future.

**CTGB staff involvement in EO 1**

**Brian Farnen,** General Counsel & Chief Legal Officer
- Project Finance

**Bert Hunter,** EVP & Chief Investment Officer
- Project Finance

**Mackey Dykes,** VP & Officer
- Project Finance, Renewables, and Energy Efficiency

**Eric Shrago,** Managing Director of Operations
- Sustainability in Leased Spaces and SSO

**Matt Macunas,** Associate Director & Legislative Liaison
- Transportation

**Robert Schmitt,** Marketing Manager
- Public Engagement

6

**Sustainability Projects**

including projects relating to infrastructure improvements or behavioral change that took place in owned, leased, or occupied space and were either in progress or completed in FY20

# Sustainability Projects

1

**Location:** Stamford

**Project Type:** Structural - GHG - Building energy efficiency

**Description:** The Green Bank sought out new real estate for our Stamford office that aligned with our values. We identified space and as of 6/30, were working with the landlord to develop energy efficiency (and potentially solar) projects that reduce the building's carbon foot print.

**Status:** In progress in FY 2020

**Benefits Summary:** TBD

2

**Location:** Hartford

**Project Type:** Structural - GHG - Building energy efficiency

**Description:** The Green Bank identified new office space for our headquarters that aligns with the agency's mission. As of 6/30, we were working with the building owners to identify ways to cut the energy use in the building.

**Status:** In progress in FY 2020

**Benefits Summary:** We are working on a road map for the building that will eventually retro fit most systems and significantly cut the carbon footprint.

3

**Location:** Hartford

**Project Type:** Structural - Renewable energy

**Description:** On the campus of the Green Bank's new headquarters, we are partnering with the landlord to develop a solar array that will hopefully provide power to the tenants in the CT non-profit center at reduced rates and to the residents of the co-located apartment complex.

**Status:** In progress in FY 2020

**Benefits Summary:** the solar array will lower costs for residents and tenants, and hopefully the Green Bank.

4

**Location:** Across the state

**Project Type:** Structural - Renewable energy

**Description:** The Green Bank continued its support of the first round of state located solar projects and the power purchase agreements associated with them. The first round of these projects closed in FY21.

**Status:** In progress in FY 2020

**Benefits Summary:** Reduced carbon footprint and cost savings for state agencies.

# Sustainability Projects cont.

5

**Location:** Branford, Manchester, Portland, Woodbridge, Mansfield

**Project Type:** Structural - Renewable energy

**Description:** The Green Bank supported the following solar developments that helped reduce costs for their municipalities:

| Project | Town | Capacity (kW) |
|---|---|---|
| Sliney Elementary School | Branford | 67.23 |
| Tisko Elementary School | Branford | 127.2 |
| Water and Sewer Building | Manchester | 210.6 |
| Bennet Academy | Manchester | 280 |
| Verplanck Elementary School | Manchester | 330.48 |
| High School | Manchester | 1336 |
| Public Works Building | Manchester | 67.23 |
| Highland Park School | Manchester | 134.87 |
| Regional Academy | Manchester | 134.87 |
| Martin Elementary School | Manchester | 134.87 |
| Waddell Elementary School | Manchester | 116 |
| Brownstone Intermediate School | Portland | 67.2 |
| Fire Dept | Woodbridge | 67.23 |
| Public Works | Woodbridge | 66.83 |
| Town Garage | Mansfield | 95.2 |
| Town Hall | Mansfield | 127 |

**Status:** In progress in FY 2020

**Benefits Summary:** Reduced energy costs for the municipalities

6

**Location:** Multiple

**Project Type:** Structural - Combination

**Description:** The Green Bank made a grant to Sustainable CT's matching fund allowing the organization to support the Community Match Fund, Sustainability Fellows Program, and the nonprofit organization.

**Status:** In progress in FY 2020

**Benefits Summary:** Municipalities varied sustainability projects are enabled through matching funds granted by Sustainable CT.

# Future Planning

## GHG Reduction (energy/fleet related)

| | | |
|---|---|---|
| Status of FY19 Plans | ✓ | **Progress has been made.** |
| | | Progress has stalled. |
| | | Plans have been completed. |
| | | Stated plans no longer a priority. |
| Planned FY21 Projects | | The Green Bank is still working on making its own buildings more efficient and providing financing to others to do the same. We are continuing to support state energy efficiency and solar projects. |

## Water Use Reduction

| | | |
|---|---|---|
| Status of FY19 Plans | ✓ | **Progress has been made.** |
| | | Progress has stalled. |
| | | Plans have been completed. |
| | | Stated plans no longer a priority. |
| Planned FY21 Projects | | Now that we have identified new office space, we will seek to have efficient water reducing fixtures in the spaces. |

## Waste Reduction

| | | |
|---|---|---|
| Status of FY19 Plans | ✓ | **Progress has been made.** |
| | | Progress has stalled. |
| | | Plans have been completed. |
| | | Stated plans no longer a priority. |
| Planned FY21 Projects | | The Green Bank continues to reduce paper (and the pandemic has forced us to do more electronically). We continue to optimize workflows to support this and reduce paper (and waste). We are looking into composting services for our new offices. |

# COVID-19 Impacts

Impact of COVID-19 on agency's ability to make progress on the goals of EO 1 in FY20

We continued to make progress, but at a slightly slower rate than we would have liked.

COVID-19 changes that have led to a positive sustainability outcome that will continue after the pandemic

Strategically evaluating building footprint needed for agency work

Reassessing agency fleet

✓ **Holding virtual meetings as a more regular practice**

✓ **Increased telework as a regular practice**

No changes to report

# Resources Needed

Barriers encountered while making EO 1 progress in FY20

Funding

Staffing

Technical expertise

✓ **No barriers encountered**

Other

Additional details on barriers

The ability to align landlord and tenant is always a challenge but we have continued to make progress this year.

Specific type of support or resources needed to make progress on future sustainability projects

The Green Bank will continue to facilitate projects for the rest of the state as long as there is a pipeline of projects. The Green Bank would greatly benefit from a more direct relationship with landlords of agencies than what currently exists.

I

117TH CONGRESS
1ST SESSION

# H. R. 806

To establish a Clean Energy and Sustainability Accelerator, and for other purposes.

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IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 4, 2021

Mrs. DINGELL introduced the following bill; which was referred to the Committee on Energy and Commerce, and in addition to the Committees on Financial Services, Transportation and Infrastructure, and Agriculture, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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# A BILL

To establish a Clean Energy and Sustainability Accelerator, and for other purposes.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

**SECTION 1. SHORT TITLE.**

This Act may be cited as the "Clean Energy and Sustainability Accelerator Act".

**SEC. 2. TABLE OF CONTENTS.**

The table of contents for this Act is as follows:

**SEC. 3. CLEAN ENERGY AND SUSTAINABILITY ACCELERATOR.**

Title XVI of the Energy Policy Act of 2005 (Public Law 109–58, as amended) is amended by adding at the end the following new subtitle:

# "Subtitle C—Clean Energy and Sustainability Accelerator

**"SEC. 1621. DEFINITIONS.**

"In this subtitle:

"(1) ACCELERATOR.—The term 'Accelerator' means the Clean Energy and Sustainability Accelerator established under section 1622.

"(2) BOARD.—The term 'Board' means the Board of Directors of the Accelerator.

"(3) CHIEF EXECUTIVE OFFICER.—The term 'chief executive officer' means the chief executive officer of the Accelerator.

"(4) CLIMATE-IMPACTED COMMUNITIES.—The term 'climate-impacted communities' includes—

"(A) communities of color, which include any geographically distinct area the population of color of which is higher than the average population of color of the State in which the community is located;

"(B) communities that are already or are likely to be the first communities to feel the direct negative effects of climate change;

"(C) distressed neighborhoods, demonstrated by indicators of need, including poverty, childhood obesity rates, academic failure, and rates of juvenile delinquency, adjudication, or incarceration;

"(D) low-income communities, defined as any census block group in which 30 percent or more of the population are individuals with low income;

"(E) low-income households, defined as a household with annual income equal to, or less than, the greater of—

"(i) an amount equal to 80 percent of the median income of the area in which the household is located, as reported by the

Department of Housing and Urban Development; and

"(ii) 200 percent of the Federal poverty line;

"(F) Tribal communities;

"(G) persistent poverty counties, defined as any county that has had a poverty rate of 20 percent or more for the past 30 years as measured by the 2000, 2010, and 2020 decennial censuses;

"(H) communities disproportionately affected by environmental pollution and other hazards that can lead to negative public health effects; and

"(I) communities that are economically reliant on fossil fuel-based industries.

"(5) CLIMATE RESILIENT INFRASTRUCTURE.—The term 'climate resilient infrastructure' means any project that builds or enhances infrastructure so that such infrastructure—

"(A) is planned, designed, and operated in a way that anticipates, prepares for, and adapts to changing climate conditions; and

"(B) can withstand, respond to, and recover rapidly from disruptions caused by these climate conditions.

"(6) ELECTRIFICATION.—The term 'electrification' means the installation, construction, or use of end-use electric technology that replaces existing fossil-fuel-based technology.

"(7) ENERGY EFFICIENCY.—The term 'energy efficiency' means any project, technology, function, or measure that results in the reduction of energy use required to achieve the same level of service or output prior to the application of such project, technology, function, or measure, or substantially reduces greenhouse gas emissions relative to emissions that would have occurred prior to the application of such project, technology, function, or measure.

"(8) FUEL SWITCHING.—The term 'fuel switching' means any project that replaces a fossil-fuel-based heating system with an electric-powered system or one powered by biomass-generated heat.

"(9) GREEN BANK.—The term 'green bank' means a dedicated public or nonprofit specialized finance entity that—

''(A) is designed to drive private capital into market gaps for low- and zero-emission goods and services;

''(B) uses finance tools to mitigate climate change;

''(C) does not take deposits;

''(D) is funded by government, public, private, or charitable contributions; and

''(E) invests or finances projects—

''(i) alone; or

''(ii) in conjunction with other investors.

''(10) QUALIFIED PROJECTS.—The terms 'qualified projects' means the following kinds of technologies and activities that are eligible for financing and investment from the Clean Energy and Sustainability Accelerator, either directly or through State, Territorial, and local green banks funded by the Clean Energy and Sustainability Accelerator:

''(A) Renewable energy generation, including the following:

''(i) Solar.

''(ii) Wind.

''(iii) Geothermal.

''(iv) Hydropower.

"(v) Ocean and hydrokinetic.

"(vi) Fuel cell.

"(B) Building energy efficiency, fuel switching, and electrification.

"(C) Industrial decarbonization.

"(D) Grid technology such as transmission, distribution, and storage to support clean energy distribution, including smart-grid applications.

"(E) Agriculture and forestry projects that reduce net greenhouse gas emissions.

"(F) Clean transportation, including the following:

"(i) Battery electric vehicles.

"(ii) Plug-in hybrid electric vehicles.

"(iii) Hydrogen vehicles.

"(iv) Other zero-emissions fueled vehicles.

"(v) Related vehicle charging and fueling infrastructure.

"(G) Climate resilient infrastructure.

"(H) Any other key areas identified by the Board as consistent with the mandate of the Accelerator as described in section 1623.

"(11) RENEWABLE ENERGY GENERATION.—The term 'renewable energy generation' means electricity created by sources that are continually replenished by nature, such as the sun, wind, and water.

**"SEC. 1622. ESTABLISHMENT.**

"(a) IN GENERAL.—Not later than 1 year after the date of enactment of this subtitle, there shall be established a nonprofit corporation to be known as the Clean Energy and Sustainability Accelerator.

"(b) LIMITATION.—The Accelerator shall not be an agency or instrumentality of the Federal Government.

"(c) FULL FAITH AND CREDIT.—The full faith and credit of the United States shall not extend to the Accelerator.

"(d) NONPROFIT STATUS.—The Accelerator shall maintain its status as an organization exempt from taxation under the Internal Revenue Code of 1986 (26 U.S.C. 1 et seq.).

**"SEC. 1623. MANDATE.**

"The Accelerator shall make the United States a world leader in combating the causes and effects of climate change through the rapid deployment of mature technologies and scaling of new technologies by maximizing the reduction of emissions in the United States for every dollar deployed by the Accelerator, including by—

“(1) providing financing support for investments in the United States in low- and zero-emissions technologies and processes in order to rapidly accelerate market penetration;

“(2) catalyzing and mobilizing private capital through Federal investment and supporting a more robust marketplace for clean technologies, while avoiding competition with private investment;

“(3) enabling climate-impacted communities to benefit from and afford projects and investments that reduce emissions;

“(4) providing support for workers and communities impacted by the transition to a low-carbon economy;

“(5) supporting the creation of green banks within the United States where green banks do not exist; and

“(6) causing the rapid transition to a clean energy economy without raising energy costs to end users and seeking to lower costs where possible.

**“SEC. 1624. FINANCE AND INVESTMENT DIVISION.**

“(a) IN GENERAL.—There shall be within the Accelerator a finance and investment division, which shall be responsible for—

“(1) the Accelerator’s greenhouse gas emissions mitigation efforts by directly financing qualifying projects or doing so indirectly by providing capital to State, Territorial, and local green banks;

“(2) originating, evaluating, underwriting, and closing the Accelerator’s financing and investment transactions in qualified projects;

“(3) partnering with private capital providers and capital markets to attract coinvestment from private banks, investors, and others in order to drive new investment into underpenetrated markets, to increase the efficiency of private capital markets with respect to investing in greenhouse gas reduction projects, and to increase total investment caused by the Accelerator;

“(4) managing the Accelerator’s portfolio of assets to ensure performance and monitor risk;

“(5) ensuring appropriate debt and risk mitigation products are offered; and

“(6) overseeing prudent, noncontrolling equity investments.

“(b) PRODUCTS AND INVESTMENT TYPES.—The finance and investment division of the Accelerator may provide capital to qualified projects in the form of—

“(1) senior, mezzanine, and subordinated debt;

"(2) credit enhancements including loan loss reserves and loan guarantees;

"(3) aggregation and warehousing;

"(4) equity capital; and

"(5) any other financial product approved by the Board.

"(c) STATE, TERRITORIAL, AND LOCAL GREEN BANK CAPITALIZATION.—The finance and investment division of the Accelerator shall make capital available to State, Territorial, and local green banks to enable such banks to finance qualifying projects in their markets that are better served by a locally based entity, rather than through direct investment by the Accelerator.

"(d) INVESTMENT COMMITTEE.—The debt, risk mitigation, and equity investments made by the Accelerator shall be—

"(1) approved by the investment committee of the Board; and

"(2) consistent with an investment policy that has been established by the investment committee of the Board in consultation with the risk management committee of the Board.

**"SEC. 1625. START-UP DIVISION.**

"There shall be within the Accelerator a Start-up Division, which shall be responsible for providing technical assistance and start-up funding to States and other political subdivisions that do not have green banks to establish green banks in those States and political subdivisions, including by working with relevant stakeholders in those States and political subdivisions.

**"SEC. 1626. ZERO-EMISSIONS FLEET AND RELATED INFRASTRUCTURE FINANCING PROGRAM.**

"Not later than 1 year after the date of establishment of the Accelerator, the Accelerator shall explore the establishment of a program to provide low- and zero-interest loans, up to 30 years in length, to any school, metropolitan planning organization, or nonprofit organization seeking financing for the acquisition of zero-emissions vehicle fleets or associated infrastructure to support zero-emissions vehicle fleets.

**"SEC. 1627. PROJECT PRIORITIZATION AND REQUIREMENTS.**

"(a) EMISSIONS REDUCTION MANDATE.—In investing in projects that mitigate greenhouse gas emissions, the Accelerator shall maximize the reduction of emissions in the United States for every dollar deployed by the Accelerator.

"(b) ENVIRONMENTAL JUSTICE PRIORITIZATION.—

"(1) IN GENERAL.—In order to address environmental justice needs, the Accelerator shall, as applicable, prioritize the provision of program benefits and investment activity that are expected to directly or indirectly result in the deployment of projects to serve, as a matter of official policy, climate-impacted communities.

"(2) MINIMUM PERCENTAGE.—The Accelerator shall ensure that over the 30-year period of its charter 40 percent of its investment activity is directed to serve climate-impacted communities.

"(c) CONSUMER PROTECTION.—

"(1) PRIORITIZATION.—Consistent with the mandate under section 1623 to maximize the reduction of emissions in the United States for every dollar deployed by the Accelerator, the Accelerator shall prioritize qualified projects according to benefits conferred on consumers and affected communities.

"(2) CONSUMER CREDIT PROTECTION.—The Accelerator shall ensure that any residential energy efficiency or distributed clean energy project in which the Accelerator invests directly or indirectly complies with the requirements of the Consumer Credit Protection Act (15 U.S.C. 1601 et seq.), including, in the case of a financial product that is a residential mortgage loan, any requirements of title I of that Act relating to residential mortgage loans (including any regulations promulgated by the Bureau of Consumer Financial Protection under section 129C(b)(3)(C) of that Act (15 U.S.C. 1639c(b)(3)(C))).

"(d) LABOR.—

"(1) IN GENERAL.—The Accelerator shall ensure that laborers and mechanics employed by contractors and subcontractors in construction work financed directly by the Accelerator will be paid wages not less than those prevailing on similar construction in the locality, as determined by the Secretary of Labor under sections 3141 through 3144, 3146, and 3147 of title 40, United States Code.

"(2) PROJECT LABOR AGREEMENT.—The Accelerator shall ensure that projects financed directly by the Accelerator with total capital costs of $100,000,000 or greater utilize a project labor agreement.

**"SEC. 1628. EXPLORATION OF ACCELERATED CLEAN ENERGY TRANSITION PROGRAM.**

"Not later than 1 year after the date on which the Accelerator is established, the Board shall explore the establishment of an accelerated clean energy transition program—

"(1) to expedite the transition within the power sector to zero-emissions power generation facilities or assets; and

"(2) to simultaneously invest in local economic development in communities affected by this transition away from carbon-intensive facilities or assets.

**"SEC. 1629. BOARD OF DIRECTORS.**

"(a) IN GENERAL.—The Accelerator shall operate under the direction of a Board of Directors, which shall be composed of 7 members.

"(b) INITIAL COMPOSITION AND TERMS.—

"(1) SELECTION.—The initial members of the Board shall be selected as follows:

"(A) APPOINTED MEMBERS.—Three members shall be appointed by the President, with the advice and consent of the Senate, of whom no more than two shall belong to the same political party.

"(B) ELECTED MEMBERS.—Four members shall be elected unanimously by the 3 members appointed and confirmed pursuant to subparagraph (A).

"(2) TERMS.—The terms of the initial members of the Board shall be as follows:

''(A) The 3 members appointed and confirmed under paragraph (1)(A) shall have initial 5-year terms.

''(B) Of the 4 members elected under paragraph (1)(B), 2 shall have initial 3-year terms, and 2 shall have initial 4-year terms.

''(c) SUBSEQUENT COMPOSITION AND TERMS.—

''(1) SELECTION.—Except for the selection of the initial members of the Board for their initial terms under subsection (b), the members of the Board shall be elected by the members of the Board.

''(2) DISQUALIFICATION.—A member of the Board shall be disqualified from voting for any position on the Board for which such member is a candidate.

''(3) TERMS.—All members elected pursuant to paragraph (1) shall have a term of 5 years.

''(d) QUALIFICATIONS.—The members of the Board shall collectively have expertise in—

''(1) the fields of clean energy, electric utilities, industrial decarbonization, clean transportation, resiliency, and agriculture and forestry practices;

''(2) climate change science;

''(3) finance and investments; and

"(4) environmental justice and matters related to the energy and environmental needs of climate-impacted communities.

"(e) RESTRICTION ON MEMBERSHIP.—No officer or employee of the Federal or any other level of government may be appointed or elected as a member of the Board.

"(f) QUORUM.—Five members of the Board shall constitute a quorum.

"(g) BYLAWS.—

"(1) IN GENERAL.—The Board shall adopt, and may amend, such bylaws as are necessary for the proper management and functioning of the Accelerator.

"(2) OFFICERS.—In the bylaws described in paragraph (1), the Board shall—

"(A) designate the officers of the Accelerator; and

"(B) prescribe the duties of those officers.

"(h) VACANCIES.—Any vacancy on the Board shall be filled through election by the Board.

"(i) INTERIM APPOINTMENTS.—A member elected to fill a vacancy occurring before the expiration of the term for which the predecessor of that member was appointed or elected shall serve for the remainder of the term for which the predecessor of that member was appointed or elected.

"(j) REAPPOINTMENT.—A member of the Board may be elected for not more than 1 additional term of service as a member of the Board.

"(k) CONTINUATION OF SERVICE.—A member of the Board whose term has expired may continue to serve on the Board until the date on which a successor member is elected.

"(l) CHIEF EXECUTIVE OFFICER.—The Board shall appoint a chief executive officer who shall be responsible for—

"(1) hiring employees of the Accelerator;

"(2) establishing the 2 divisions of the Accelerator described in sections 1624 and 1625; and

"(3) performing any other tasks necessary for the day-to-day operations of the Accelerator.

"(m) ADVISORY COMMITTEE.—

"(1) ESTABLISHMENT.—The Accelerator shall establish an advisory committee (in this subsection referred to as the 'advisory committee'), which shall be composed of not more than 13 members appointed by the Board on the recommendation of the president of the Accelerator.

“(2) MEMBERS.—Members of the advisory committee shall be broadly representative of interests concerned with the environment, production, commerce, finance, agriculture, forestry, labor, services, and State Government. Of such members—

“(A) not fewer than 3 shall be representatives of the small business community;

“(B) not fewer than 2 shall be representatives of the labor community, except that no 2 members may be from the same labor union;

“(C) not fewer than 2 shall be representatives of the environmental nongovernmental organization community, except that no 2 members may be from the same environmental organization;

“(D) not fewer than 2 shall be representatives of the environmental justice nongovernmental organization community, except that no 2 members may be from the same environmental organization;

“(E) not fewer than 2 shall be representatives of the consumer protection and fair lending community, except that no 2 members may be from the same consumer protection or fair lending organization; and

"(F) not fewer than 2 shall be representatives of the financial services industry with knowledge of and experience in financing transactions for clean energy and other sustainable infrastructure assets.

"(3) MEETINGS.—The advisory committee shall meet not less frequently than once each quarter.

"(4) DUTIES.—The advisory committee shall—

"(A) advise the Accelerator on the programs undertaken by the Accelerator; and

"(B) submit to the Congress an annual report with comments from the advisory committee on the extent to which the Accelerator is meeting the mandate described in section 1623, including any suggestions for improvement.

"(n) CHIEF RISK OFFICER.—

"(1) APPOINTMENT.—Subject to the approval of the Board, the chief executive officer shall appoint a chief risk officer from among individuals with experience at a senior level in financial risk management, who—

"(A) shall report directly to the Board; and

"(B) shall be removable only by a majority vote of the Board.

"(2) DUTIES.—The chief risk officer, in coordination with the risk management and audit committees established under section 1632, shall develop, implement, and manage a comprehensive process for identifying, assessing, monitoring, and limiting risks to the Accelerator, including the overall portfolio diversification of the Accelerator.

**"SEC. 1630. ADMINISTRATION.**

"(a) CAPITALIZATION.—

"(1) IN GENERAL.—To the extent and in the amounts provided in advance in appropriations Acts, the Secretary of Energy shall transfer to the Accelerator—

"(A) $50,000,000,000 on the date on which the Accelerator is established under section 1622; and

"(B) $10,000,000,000 on October 1 of each of the 5 fiscal years following that date.

"(2) AUTHORIZATION OF APPROPRIATIONS.—For purposes of the transfers under paragraph (1), there are authorized to be appropriated—

"(A) $50,000,000,000 for the fiscal year in which the Accelerator is established under section 1622; and

"(B) $10,000,000,000 for each of the 5 succeeding fiscal years.

"(b) CHARTER.—The Accelerator shall establish a charter, the term of which shall be 30 years.

"(c) USE OF FUNDS AND RECYCLING.—To the extent and in the amounts provided in advance in appropriations Acts, the Accelerator—

"(1) may use funds transferred pursuant to subsection (a)(1) to carry out this subtitle, including for operating expenses; and

"(2) shall retain and manage all repayments and other revenue received under this subtitle from financing fees, interest, repaid loans, and other types of funding to carry out this subtitle, including for—

"(A) operating expenses; and

"(B) recycling such payments and other revenue for future lending and capital deployment in accordance with this subtitle.

"(d) REPORT.—The Accelerator shall submit on a quarterly basis to the relevant committees of Congress a report that describes the financial activities, emissions reductions, and private capital mobilization metrics of the Accelerator for the previous quarter.

"(e) RESTRICTION.—The Accelerator shall not accept deposits.

"(f) COMMITTEES.—The Board shall establish committees and subcommittees, including—

"(1) an investment committee; and

"(2) in accordance with section 1631—

"(A) a risk management committee; and

"(B) an audit committee.

**"SEC. 1631. ESTABLISHMENT OF RISK MANAGEMENT COMMITTEE AND AUDIT COMMITTEE.**

"(a) IN GENERAL.—To assist the Board in fulfilling the duties and responsibilities of the Board under this subtitle, the Board shall establish a risk management committee and an audit committee.

"(b) DUTIES AND RESPONSIBILITIES OF RISK MANAGEMENT COMMITTEE.—Subject to the direction of the Board, the risk management committee established under subsection (a) shall establish policies for and have oversight responsibility for—

"(1) formulating the risk management policies of the operations of the Accelerator;

"(2) reviewing and providing guidance on operation of the global risk management framework of the Accelerator;

"(3) developing policies for—

"(A) investment;

"(B) enterprise risk management;

"(C) monitoring; and

"(D) management of strategic, reputational, regulatory, operational, developmental, environmental, social, and financial risks; and

"(4) developing the risk profile of the Accelerator, including—

"(A) a risk management and compliance framework; and

"(B) a governance structure to support that framework.

"(c) DUTIES AND RESPONSIBILITIES OF AUDIT COMMITTEE.—Subject to the direction of the Board, the audit committee established under subsection (a) shall have oversight responsibility for—

"(1) the integrity of—

"(A) the financial reporting of the Accelerator; and

"(B) the systems of internal controls regarding finance and accounting;

"(2) the integrity of the financial statements of the Accelerator;

"(3) the performance of the internal audit function of the Accelerator; and

"(4) compliance with the legal and regulatory requirements related to the finances of the Accelerator.

**"SEC. 1632. OVERSIGHT.**

"(a) EXTERNAL OVERSIGHT.—The inspector general of the Department of Energy shall have oversight responsibilities over the Accelerator.

"(b) REPORTS AND AUDIT.—

"(1) ANNUAL REPORT.—The Accelerator shall publish an annual report which shall be transmitted by the Accelerator to the President and the Congress.

"(2) ANNUAL AUDIT OF ACCOUNTS.—The accounts of the Accelerator shall be audited annually. Such audits shall be conducted in accordance with generally accepted auditing standards by independent certified public accountants who are certified by a regulatory authority of the jurisdiction in which the audit is undertaken.

"(3) ADDITIONAL AUDITS.—In addition to the annual audits under paragraph (2), the financial transactions of the Accelerator for any fiscal year during which Federal funds are available to finance any portion of its operations may be audited by the Government Accountability Office in accordance with such rules and regulations as may be prescribed by the Comptroller General of the United States.''.

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# House of Representatives

General Assembly

**File No. 470**

*January Session, 2021*

Substitute House Bill No. 6441

*House of Representatives, April 15, 2021*

The Committee on Environment reported through REP. GRESKO of the 121st Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

***AN ACT CONCERNING CLIMATE CHANGE ADAPTATION.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

Section 1. Section 22a-498 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2021*):

(a) Any municipality **[**selected by the commissioner to participate in the pilot program established pursuant to section 22a-497**]** may, by ordinance adopted by its legislative body, designate any existing board or commission or establish a new board or commission as the stormwater authority for such municipality. If a new board or commission is created, such municipality shall, by ordinance, determine the number of members thereof, their compensation, if any, whether such members shall be elected or appointed, the method of their appointment, if appointed, and removal and their terms of office, which shall be so arranged that not more than one-half of such terms shall expire within any one year.

(b) The purposes of the stormwater authority shall be to: (1) Develop a stormwater management program, including, but not limited to, (A) a program for construction and post-construction site stormwater runoff control, including control detention and prevention of stormwater runoff from development sites; or (B) a program for control and abatement of stormwater pollution from existing land uses, and the detection and elimination of connections to the stormwater system that threaten the public health, welfare or the environment; (2) provide public education and outreach in the municipality relating to stormwater management activities and to establish procedures for public participation; (3) provide for the administration of the stormwater management program; (4) establish geographic boundaries of the stormwater authority district; and (5) recommend to the legislative body of the municipality in which such district is located the imposition of a [levy] fee upon the [taxable] interests in real property within such district, the revenues from which [may] shall be used in carrying out any of the powers of such district. In accomplishing the purposes of this section, the stormwater authority may plan, layout, acquire, construct, reconstruct, repair, maintain, supervise and manage stormwater control systems.

(c) (1) Any stormwater authority created by a municipality pursuant to subsection (a) of this section may levy fees, [from] approved by the legislative body of the municipality in accordance with the provisions of subdivision (3) of this subsection, on property owners of the municipality, except as specified in subdivision (2) of this subsection, for the purposes described in subsection (b) of this section. In establishing fees for [any property] properties in its district, the stormwater authority [may] shall consider criteria, including, but not limited to, the following: The area of the property containing impervious surfaces from which stormwater runoff is generated, land use types that result in higher or lower concentrations of stormwater pollution and the grand list valuation of the property.

(2) The stormwater authority may [reduce or defer] not levy such fees [for] on land classified as, or consisting of, farm, forest or open space land, except on areas of such land that contain impervious surfaces from

which stormwater runoff is generated.

(3) Each stormwater authority shall present its budget annually to the legislative body of the municipality for approval. Such budget shall include the specific programs the authority proposes to undertake during the fiscal year for which the budget is presented, the projected expenditures for such programs for the fiscal year and the amount of the fee or fees the authority proposes to levy to pay for such expenditures. In no event shall the aggregate amount of the fees proposed for the fiscal year exceed the aggregate amount of such projected expenditures for the fiscal year. The legislative body of the municipality may approve fee amounts that are less than the amounts proposed by the authority but in no event shall the legislative body of the municipality approve fee amounts that are greater than the amounts proposed by the authority.

(d) Any person aggrieved by the action of a stormwater authority under this section shall have the same rights and remedies for appeal and relief as are provided in the general statutes for taxpayers claiming to be aggrieved by the doings of the assessors or board of assessment appeals.

**[**(d)**]** (e) The authority may adopt municipal regulations to implement the stormwater management program.

**[**(e)**]** (f) The authority may, subject to the commissioner's approval, enter into contracts with any municipal or regional entity to accomplish the purposes of this section.

(g) For purposes of this section and sections 22a-498a and 22a-498b, as amended by this act, "municipality" means any town, city, borough, consolidated town and city or consolidated town or borough. "Municipality" does not include any local school district, regional school district, metropolitan district, district, as defined in section 7-324, or any other municipal corporation or authority authorized to issue bonds, notes or other obligations under the provisions of the general statutes or any special act.

Sec. 2. Section 22a-498a of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2021*):

A municipal stormwater authority created pursuant to section 22a-498, as amended by this act, and located in a distressed municipality, as defined in subsection (b) of section 32-9p, having a population of not more than twenty-eight thousand shall constitute a body politic and corporate and the ordinance establishing such authority may confer upon such authority the following powers: (1) To sue and be sued; (2) to acquire, hold and convey any estate, real or personal; (3) to contract; (4) to borrow money, including by the issuance of bonds, provided the issuance of such bonds is approved by the legislative body of the municipality in which such authority district is located; (5) to recommend to the legislative body of such municipality the imposition of [a levy] fees upon the [taxable] interests in real property within such authority district, the revenues from which [may] shall be used in carrying out any of the powers of such authority; (6) to deposit and expend funds; and (7) to enter property to make surveys, soundings, borings and examinations to accomplish the purposes of section 22a-498, as amended by this act.

Sec. 3. Section 22a-498b of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2021*):

Any charge due to a municipal stormwater authority and any fee levied pursuant to section 22a-498, as amended by this act, and not paid [within] in full on or before thirty days [of] after the due date shall thereupon be delinquent and shall bear interest from the due date at [the rate charged by the municipality's tax collector for] such rates and in such manner as provided for delinquent property taxes under section 12-146. Any such unpaid charge or fee, or portion thereof, shall constitute a lien upon the [real estate] property against which such charge or fee was levied from the date it became delinquent. Each such lien may be continued, recorded and released in the manner provided by the general statutes for continuing, recording and releasing property tax liens.

Sec. 4. (NEW) (*Effective July 1, 2021*) (a) A municipality may establish, by vote of its legislative body, a conveyance fee on the conveyance of real property in such municipality. Such fee shall be paid by either the buyer or the seller, or a combination thereof, of such real property, as agreed upon by such buyer and seller. The rate of such fee shall be (1) for consideration paid by the buyer equal to or less than eight hundred thousand dollars, not more than one-half of one per cent on the portion of such consideration that exceeds one hundred fifty thousand dollars, (2) for consideration paid by the buyer greater than eight hundred thousand dollars but equal to or less than two million five hundred thousand dollars, not more than one per cent on the portion of such consideration that exceeds eight hundred thousand dollars, and (3) for consideration paid by the buyer greater than two million five hundred thousand dollars, not more than one and one-half per cent on the portion of such consideration that exceeds two million five hundred thousand dollars.

(b) (1) The fee established pursuant to subsection (a) of this section shall be retained by the municipality and maintained in a separate account.

(2) Unless a municipality is a distressed municipality, as defined in section 32-9 of the general statutes or is listed on the list annually reported by the Commissioner of Housing under subparagraph (D) of subdivision (2) of subsection (a) of section 8-37qqq of the general statutes, the fee established pursuant to subsection (a) of this section shall only be used for the following purposes: (A) Stewardship, but not the acquisition, of open space land, including, but not limited to, water resources, forest land and farmland; (B) funding of a Climate Change and Coastal Resiliency Reserve Fund, created by the municipality pursuant to section 7-159d of the general statutes, as amended by this act, or other municipal climate resilience, mitigation or adaptation strategies except that any fee established pursuant to subsection (a) of this section and deposited into a separate account pursuant to this subsection shall not be transferred to any other account for the acquisition of land; (C) matching of investments from state programs to

supplement new or existing affordable housing programs funded pursuant to subdivision (3) of subsection (a) of section 4-66aa of the general statutes; (D) funding of other environmental projects, including, but not limited to, urban forestry and planting of trees, but not including acquisition of open space land; and (E) repayment of municipal bonds obtained for any of the purposes described in subparagraphs (A) to (E), inclusive, of this subdivision.

(c) A distressed municipality, as defined in section 32-9p of the general statutes, or a targeted investment community, as defined in section 32-222 of the general statutes, may set aside up to ten per cent of the fees maintained under subsection (b) of this section for the purpose of offsetting property tax revenues that are reduced or eliminated as a result of tax exemptions granted by the municipality for protected open space land, forest land, farmland or recreational land.

(d) Each conveyance resulting in the preservation in perpetuity of open space land, forest land or farmland shall be exempt from any fee imposed pursuant to subsection (a) of this section.

(e) Any fee imposed pursuant to subsection (a) of this section shall not apply to any transaction enumerated in subsection (a) of section 12-498 of the general statutes.

Sec. 5. Section 25-84 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2021*):

(a) (1) Any municipality may, by vote of its legislative body, adopt the provisions of this section and sections 25-85 to 25-94, inclusive, as amended by this act, and exercise through a flood prevention, climate resilience and erosion control board the powers granted thereunder. In each town, except as otherwise provided by special act, the flood prevention, climate resilience and erosion control board shall consist of not less than five nor more than seven members, who shall be electors of such town and whose method of selection and terms of office shall be determined by local ordinance, except that in towns having a population of less than fifty thousand the selectmen may be empowered by such ordinance to act as such flood prevention, climate resilience and erosion control board. In each city or borough, except as otherwise provided by special act, the board of aldermen, council or other board or authority having power to adopt ordinances for the government of such city or borough may act as such flood prevention, climate resilience and erosion control board. The flood prevention, climate resilience and erosion control board of any town shall have jurisdiction over that part of the town outside any city or borough contained therein.

(2) Two or more municipalities may, by concurrent votes of their legislative bodies, enter into an agreement to jointly exercise through a joint flood prevention, climate resilience and erosion control board the powers granted under sections 25-85 to 25-94, inclusive, as amended by this act. The joint flood prevention, climate resilience and erosion control board shall have jurisdiction over each municipality subject to such agreement.

(b) Any town, city or borough shall have the power to provide by ordinance for the appointment or election of three alternate members to its flood prevention, climate resilience and erosion control board. Such alternate members shall, when seated as herein provided, have all the powers and duties set forth for such board and its members. Such alternate members shall be electors of such town, city or borough. If a regular member of any of said board is absent or is disqualified, the chairman of the board shall designate an alternate to so act, choosing alternates in rotation so that they shall act as nearly equal a number of times as possible. If any alternate is not available in accordance with such rotation, such fact shall be recorded in the minutes of the meeting.

(c) Each flood prevention, climate resilience and erosion control board shall publish a biannual report on the Internet web site of each municipality under the jurisdiction of such board. Such report shall include, but not be limited to, (1) a current inventory and description of the flood prevention, climate resilience and erosion control system managed by such board, (2) the extent and value of property, infrastructure and natural resources protected by such system, (3) an analysis of the manner in which vulnerable communities, as defined in subsection (a) of section 16-243y, are prioritized and protected by such system, and (4) the revenues and expenditures of such board.

Sec. 6. Section 25-85 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2021*):

(a) Such board shall have authority, within the limits of appropriations from time to time made by the municipality or municipalities, as applicable, to plan, lay out, acquire, construct, reconstruct, repair, maintain, supervise, operate and manage a flood **[**or**]** prevention, climate resilience and erosion control system. As used in sections 25-84 to 25-94, inclusive, as amended by this act, **[**"flood or erosion control system"**]** "flood prevention, climate resilience and erosion control system" means any dike, berm, dam, piping, groin, jetty, sea wall, embankment, revetment, tide-gate, water storage area, ditch, drain or other structure or facility, and any nonstructural and nature-based measure, including, but not limited to, removal, relocation or modification of existing structures, restoration and maintenance of open floodplain or other water storage area and any feasible, less environmentally damaging alternative, as defined in section 22a-92, that is useful in preventing or ameliorating damage from floods or erosion, whether caused by fresh or salt water, **[**or**]** any dam forming a lake or pond that benefits abutting properties or any open space reserved for future accommodation or establishment of wetlands or watercourses, and shall include any easements, rights-of-way and riparian rights which may be required in furtherance of any such system.

(b) In planning for and conducting its activities, such board (1) shall consider all applicable regional and municipal hazard mitigation plans, resilience plans and identifications of vulnerable communities, as defined in subsection (a) of section 16-243y, as well as all applicable municipal plans of conservation and development adopted pursuant to section 8-23, and (2) may consult with the Connecticut Institute for Resilience and Climate Adaptation.

Sec. 7. Section 25-86 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2021*):

Such board is authorized to enter upon and to take and hold, by purchase, condemnation or otherwise, any real property or interest therein which it determines is necessary for use in connection with the flood [or] prevention, climate resilience and erosion control system. Whenever the board is unable to agree with the owner of any such property as to the compensation to be paid for the taking thereof, the board, in the name of the municipality, may bring condemnation proceedings in accordance with the procedure provided by part I of chapter 835 for condemnation by municipal corporations generally. In such case, the court or judge may permit immediate possession of such property by the board in accordance with the procedure provided by said chapter.

Sec. 8. Section 25-87 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2021*):

At any time after voting to acquire, construct, [or] reconstruct, operate or maintain any flood [or] prevention, climate resilience and erosion control system or portion thereof, the board in its discretion may elect to defray the cost thereof by issuing bonds or other evidences of debt, [or] from general taxation, special assessment, federal, state or private grant funds or any combination thereof or by drawing upon a municipal Climate Change and Coastal Resiliency Reserve Fund created pursuant to section 7-159d, as amended by this act. If it elects to defray any part of such cost from special assessment, it may apportion and assess such part upon the lands and buildings in the municipality which, in its judgment, are especially benefited thereby, whether they abut on such flood [or] prevention, climate resilience and erosion control system or not, and upon the owners of such lands and buildings, subject to the right of appeal as hereinafter provided. Such assessment may include a proportionate share of any expenses incidental to the completion of such flood [or] prevention, climate resilience and erosion control system, such as fees and expenses of attorneys, engineers, surveyors, superintendents or inspectors, the cost of any property purchased or acquired for such work, interest on securities, the cost of preparing maps, plans and specifications, the cost to reconstruct, repair, maintain, supervise, operate and manage such system and the cost of printing, publishing or serving advertisements or notices incidental thereto. The board may divide the total territory to be benefited by any flood [or] prevention, climate resilience and erosion control system into sections and may levy assessments against the property benefited in each section separately. In assessing benefits against the property in any section, the board may add to the cost of the part of the flood [or] prevention, climate resilience and erosion control system located in such section a proportionate share of the cost of any part of such system located outside the section which is useful for the operation or effectiveness of that part of such system within the section and of any of the other items of cost or expense above enumerated.

Sec. 9. Section 25-92 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2021*):

The proceeds of such assessments, whether or not pledged for the payment of securities, shall be segregated from other funds of the municipality and shall be used only to pay for the construction, [or] reconstruction, repair, maintenance, supervision, operation or management of the flood [or] prevention, climate resilience and erosion control system or particular portion thereof in respect to which such assessments are made or, as the case may be, for the payment of the interest on or principal of any securities issued to pay for such system or particular portion thereof.

Sec. 10. Section 25-94 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2021*):

Any flood prevention, climate resilience and erosion control board established under section 25-84, any such board or commission established by special act or any district having as one of its powers and purposes the right to construct or maintain a flood prevention, climate resilience and erosion control system under chapter 105, acting through its officers, is authorized to negotiate, cooperate and enter into agreements with (1) the United States, (2) the United States and the state of Connecticut, [or] (3) the state of Connecticut, or (4) one or more municipalities in the state of Connecticut, in order to satisfy the conditions imposed by the United States or the state of Connecticut in authorizing any system for the improvement of navigation of any harbor or river and for [protection of property against damage by floods or by erosion] constructing, reconstructing, operating or maintaining any flood prevention, climate resilience and erosion control system, provided such system shall have been approved by the Commissioner of Energy and Environmental Protection.

Sec. 11. Section 25-95 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2021*):

The state, acting through the Commissioner of Energy and Environmental Protection, may enter into agreements with such local authority authorized to contract under section 25-94, as amended by this act, for the purpose of constructing projects or systems to prevent, correct and arrest [erosion and] flood damage and impacts of climate change within the boundaries of the state. The plans, specifications, system and construction shall be under the direct control and supervision of the commissioner. The contract shall describe (1) the nature and extent of the system, (2) the amount of the cost to the state, (3) the share to be paid by the district or board, and (4) the method of financing the payment by such local authority, all of which shall be subject to the approval of the commissioner.

Sec. 12. Section 25-97 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2021*):

When any such improvement or protection project or system is located within two or more municipalities, such municipalities, acting by their individual or joint flood prevention, climate resilience and erosion control boards, as applicable, are authorized to undertake jointly any such action as is authorized by sections 25-94 and 25-95, as amended by this act, and the cost to each board shall be determined by [the Commissioner of Energy and Environmental Protection] mutual agreement of the municipalities involved.

Sec. 13. Section 25-98 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2021*):

In carrying out the purposes for which it was established, any local authority authorized to contract under section 25-94, as amended by this act, may (1) accept, receive and expend gifts, devises or bequests of money, lands or other properties to be applied and expended in the manner provided herein, and (2) apply for and receive grants from state, federal and private sources.

Sec. 14. Section 7-326 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2021*):

At such meeting, the voters may establish a district for any or all of the following purposes: To extinguish fires, to light streets, to plant and care for shade and ornamental trees, to construct and maintain roads, sidewalks, crosswalks, drains and sewers, to appoint and employ watchmen or police officers, to acquire, construct, maintain and regulate the use of recreational facilities, to plan, lay out, acquire, construct, reconstruct, repair, maintain, supervise and manage a flood [or] prevention, climate resilience and erosion control system, to plan, lay out, acquire, construct, maintain, operate and regulate the use of a community water system, to collect garbage, ashes and all other refuse matter in any portion of such district and provide for the disposal of such matter, to implement tick control measures, to install highway sound barriers, to maintain water quality in lakes that are located solely in one town in this state, to establish a zoning commission and a zoning board of appeals or a planning commission, or both, by adoption of chapter 124 or chapter 126, excluding section 8-29, or both chapters, as the case may be, which commissions or board shall be dissolved upon adoption by the town of subdivision or zoning regulations by the town planning or zoning commission, to adopt building regulations, which regulations shall be superseded upon adoption by the town of building regulations, and to provide ferry service. Any district may contract with a town, city, borough or other district for carrying out any of the purposes for which such district was established.

Sec. 15. Subsection (a) of section 7-328 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2021*):

(a) The territorial limits of the district shall constitute a separate taxing district, and the assessor or assessors of the town shall separate the property within the district from the other property in the town and shall annually furnish the clerk of the district with a copy of the grand list of all property in the district after it has been completed by the board of assessment appeals of the town. If the legislative body of the town elects, pursuant to section 12-62c, to defer all or any part of the amount of the increase in the assessed value of real property in the year a revaluation becomes effective and in any succeeding year in which such deferment is allowed, the grand list furnished to the clerk of the district for each such year shall reflect assessments based upon such deferment. When the district meeting has fixed the tax rate, the clerk shall prepare a rate bill, apportioning to each owner of property his proportionate share of the taxes, which rate bill, when prepared, shall be delivered to the treasurer; and the district and the treasurer thereof shall have the same powers as towns and collectors of taxes to collect and enforce payment of such taxes, and such taxes when laid shall be a lien upon the property in the same manner as town taxes, and such liens may be continued by certificates recorded in the land record office of the town, and foreclosed in the same manner as liens for town taxes or enforced in accordance with any provision of the general statutes for the collection of property taxes. The assessor or board of assessment appeals shall promptly forward to the clerk of the district any certificate of correction or notice of any other lawful change to the grand list of the district. The district clerk shall, within ten days of receipt of any such certificate or notice, forward a copy thereof to the treasurer, and the assessment of the property for which such certificate or notice was issued and the rate bill related thereto shall be corrected accordingly. If the district constructs any drain, sewer, sidewalk, curb or gutter, such proportion of the cost thereof as such district determines may be assessed by the board of directors, in the manner prescribed by such district, upon the property specially benefited by such drain, sewer, sidewalk, curb or gutter, and the balance of such costs shall be paid from the general funds of the district. In the construction of any flood **[**or**]** prevention, climate resilience and erosion control system, the cost to such district may be assessed and shall be payable in accordance with sections 25-87 to 25-93, inclusive, as amended by this act. The cost for the maintenance of water quality in a lake shall be assessed on the land in a district and payment shall be apportioned equally among the owners of parcels of property. Subject to the provisions of the general statutes, the district may issue bonds and the board of directors may pledge the credit of the district for any money borrowed for the construction of any public works or the acquisition of recreational facilities authorized by sections 7-324 to 7-329, inclusive, and such board shall keep a record of all notes, bonds and certificates of indebtedness issued, disposed of or pledged by the district. All moneys received by the directors on behalf of the district shall be paid to the treasurer. No contract or obligation which involves an expenditure in the amount of (1) ten thousand dollars or more in districts where the grand list is less than or equal to twenty million dollars, or (2) twenty thousand dollars or more in districts where the grand list is greater than twenty million dollars, in any one year shall be made by the board of directors, unless the same is specially authorized by a vote of the district, nor shall the directors borrow money without like authority. The clerk of the district shall give written notice to the treasurer of the town in which the district is located of any final decision of the board of directors to borrow money, not later than thirty days after the date of such decision. The district may adopt ordinances, with penalties to secure their enforcement, for the purpose of regulating the carrying out of the provisions of sections 7-324 to 7-329, inclusive, and defining the duties and compensation of its officers and the manner in which their duties shall be carried out.

Sec. 16. Section 22a-113p of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2021*):

The commission may review and make recommendations, consistent with the plan, on any proposal affecting the real property on, in or contiguous to the harbor that is received by any zoning commission, planning commission or combined planning and zoning commission, zoning board of appeals, historic district commissions, flood prevention, climate resilience and erosion control board, harbor improvement agency, port authority, redevelopment agency, shellfish commission, sewer commission, water pollution control authority or special district with zoning or other land use authority. Such agencies shall send a copy of any such proposal to the commission upon the request of such commission. The commission shall be notified of any such proposal at least thirty-five days prior to the commencement of the hearing thereon or where no hearing is held, at least thirty-five days prior to the taking of any final action on the proposal. The local agency authorized to act on the proposal shall consider the recommendations of the commission. A two-thirds vote of all the members of the local agency having authority to act on the proposal shall be required to approve a proposal which has not received a favorable recommendation from the commission, provided that the provisions of this section shall not be deemed to alter the authority of the agency having primary jurisdiction over the proposal to deny, modify or condition the proposal. Failure of the commission to submit a recommendation shall be deemed to be approval of the proposal.

Sec. 17. Subdivision (2) of subsection (e) of section 22a-361 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2021*):

(2) The commissioner may require that any person, firm or corporation, public, municipal or private, who removes sand, gravel or other material lying waterward of the mean high water mark of the tidal, coastal or navigable waters shall make available such sand, gravel or other material of appropriate grain size and composition to any coastal municipality or to any district established pursuant to chapter 105 or by special act to plan, lay out, acquire, construct, reconstruct, repair, maintain, supervise and manage a flood **[**or**]** prevention, climate

resilience and erosion control system. Such sand, gravel or other material shall be offered for the purposes of an appropriately authorized beach nourishment or habitat restoration project and shall be available (A) to municipalities for the cost of transporting such sand, gravel or other material, and (B) to districts for a reasonable fee.

Sec. 18. Section 25-76 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2021*):

The Commissioner of Energy and Environmental Protection is authorized to negotiate, cooperate and enter into agreements with the federal government and with any municipality through its flood prevention, climate resilience and erosion control board for the purpose of constructing small flood control systems or tidal and hurricane protection and navigation projects including dams, dikes, flood walls, reservoirs, river channel improvements and such other works as are necessary to reduce or prevent damages due to floods, including projects constructed under the provisions of Title 33, Chapter 15, Section 701s, of the United States Code, as amended. The commissioner is authorized to use nonstructural measures of flood control, including but not limited to, acquisition of real property which the commissioner determines is reasonably necessary for use in connection with such systems or projects, by purchase, lease or gift or by condemnation in the manner provided by part I of chapter 835. The commissioner is authorized to give assurances to the federal government that the state will hold and save the United States free from damages due to the construction works and that the state will pay cash contributions as may be required as a local contribution for any flood control system or project undertaken by the federal government or by the state, subject to reimbursement as provided in sections 25-71 and 25-72, except that, for tidal and hurricane protection and navigation projects, such reimbursement shall be not less than fifty per cent.

Sec. 19. Subsection (c) of section 7-159d of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2021*):

(c) The budget-making authority of such municipality may, from time to time, direct the treasurer to invest a portion of such Climate Change and Coastal <u>Resiliency</u> Reserve Fund as in the opinion of such authority is advisable, provided: (1) Not more than forty per cent, or with respect to such a reserve fund for which the budget-making authority has adopted an asset allocation and investment policy, fifty per cent, of the total amount of such reserve fund shall be invested in equity securities, and (2) any portion of such reserve fund not invested pursuant to subdivision (1) of this subsection may be invested in: (A) Bonds or obligations of, or guaranteed by, the state or the United States, or agencies or instrumentalities of the United States, (B) certificates of deposit, commercial paper, savings accounts and bank acceptances, (C) the obligations of any state of the United States or any political subdivision thereof or the obligations of any instrumentality, authority or agency of any state or political subdivision thereof, if, at the time of investment, such obligations are rated in the top rating categories of any nationally recognized rating service or of any rating service recognized by the Banking Commissioner, and applicable to such obligations, (D) the obligations of any regional school district in this state, of any municipality in this state or any metropolitan district in this state, if, at the time of investment, such obligations of such government entity are rated in one of the top two rating categories of any nationally recognized rating service or of any rating service recognized by the Banking Commissioner, and applicable to such obligations, (E) in any fund in which a trustee may invest pursuant to section 36a-353, (F) investment agreements with financial institutions whose long-term obligations are rated in the top two rating categories of any nationally recognized rating service or of any rating service recognized by the Banking Commissioner or whose short-term obligations are rated in the top rating category of any nationally recognized rating service or of any rating service recognized by the Banking Commissioner, or (G) investment agreements fully secured by obligations of, or guaranteed by, the United States or agencies or instrumentalities of the United States.

Sec. 20. Subsections (a) to (d), inclusive, of section 16-245n of the general statutes are repealed and the following is substituted in lieu thereof (*Effective July 1, 2021*):

(a) For purposes of this section: **[**, "clean energy"**]**

(1) "Carbon offsets" means any activity that compensates for the emission of carbon dioxide or other greenhouse gases by providing for an emission reduction elsewhere;

(2) "Clean energy" means solar photovoltaic energy, solar thermal, geothermal energy, wind, ocean thermal energy, wave or tidal energy, fuel cells, landfill gas, hydropower that meets the low-impact standards of the Low-Impact Hydropower Institute, hydrogen production and hydrogen conversion technologies, low emission advanced biomass conversion technologies, alternative fuels, used for electricity generation including ethanol, biodiesel or other fuel produced in Connecticut and derived from agricultural produce, food waste or waste vegetable oil, provided the Commissioner of Energy and Environmental Protection determines that such fuels provide net reductions in greenhouse gas emissions and fossil fuel consumption, usable electricity from combined heat and power systems with waste heat recovery systems, thermal storage systems, other energy resources and emerging technologies which have significant potential for commercialization and which do not involve the combustion of coal, petroleum or petroleum products, municipal solid waste or nuclear fission, financing of energy efficiency projects, projects that seek to deploy electric, electric hybrid, natural gas or alternative fuel vehicles and associated infrastructure, any related storage, distribution, manufacturing technologies or facilities and any Class I renewable energy source, as defined in section 16-1; **[**.**]**

(3) "Ecosystem services" means benefits obtained from ecosystems, including, but not limited to, (A) provisioning services such as food and water, (B) regulating services such as regulation of floods, drought, land degradation and disease, and (C) supporting services such as soil formation and nutrient cycling; and

(4) "Environmental infrastructure" means structures, facilities, systems, services and improvement projects related to (A) water, (B) waste and recycling, (C) climate adaptation and resiliency, (D) agriculture, (E) land conservation, (F) parks and recreation, and (G) environmental markets, including, but not limited to, carbon offsets and ecosystem services.

(b) On and after July 1, 2004, the Public Utilities Regulatory Authority shall assess or cause to be assessed a charge of not less than one mill per kilowatt hour charged to each end use customer of electric services in this state which shall be deposited into the Clean Energy Fund established under subsection (c) of this section.

(c) (1) There is hereby created a Clean Energy Fund which shall be within the Connecticut Green Bank. The fund may receive any amount required by law to be deposited into the fund and may receive any federal funds as may become available to the state for clean energy investments. Upon authorization of the Connecticut Green Bank established pursuant to subsection (d) of this section, any amount in said fund may be used for expenditures that promote investment in clean energy in accordance with a comprehensive plan developed by it to foster the growth, development and commercialization of clean energy sources, related enterprises and stimulate demand for clean energy and deployment of clean energy sources that serve end use customers in this state and for the further purpose of supporting operational demonstration projects for advanced technologies that reduce energy use from traditional sources. Such expenditures may include, but not be limited to, providing low-cost financing and credit enhancement mechanisms for clean energy projects and technologies, reimbursement of the operating expenses, including administrative expenses incurred by the Connecticut Green Bank [and Connecticut Innovations, Incorporated,] and capital costs incurred by the Connecticut Green Bank in connection with the operation of the fund, the implementation of the plan developed pursuant to subsection (d) of this section or the other permitted activities of the Connecticut Green Bank, disbursements from the fund to develop and carry out the plan developed pursuant to subsection (d) of this section, grants, direct or equity investments, contracts or other actions which support research, development, manufacture, commercialization, deployment and installation of clean energy technologies, and actions which expand the expertise of individuals, businesses and lending institutions with regard to clean energy technologies.

(2) (A) There is hereby created an Environmental Infrastructure Fund which shall be within the Connecticut Green Bank. The fund may receive any amount required by law to be deposited into the fund and may receive any federal funds as may become available to the state for environmental infrastructure investments, except that the fund shall not receive: (i) Ratepayer or Regional Greenhouse Gas Initiative funds, (ii) funds that have been deposited in, or are required to be deposited in, an account of the Clean Water Fund pursuant to sections 22a-475 to 22a-438f, inclusive, or (iii) funds collected from a water company, as defined in section 25-32a.

(B) Upon authorization of the Connecticut Green Bank established pursuant to subsection (d) of this section, any amount in said fund may be used for expenditures that promote investment in environmental infrastructure in accordance with a comprehensive plan developed by it to foster the growth, development, commercialization and, where applicable, preservation of environmental infrastructure and related enterprises, except any project or purpose eligible for funding pursuant to sections 22a-475 to 22a-483f, inclusive. Such expenditures may include, but not be limited to, providing low-cost financing and credit enhancement mechanisms for projects and technologies, reimbursement of the operating expenses, including administrative expenses incurred by the Connecticut Green Bank, and capital costs incurred by the Connecticut Green Bank in connection with the operation of the fund, the implementation of the plan developed pursuant to subsection (d) of this section or the other permitted activities of the Connecticut Green Bank, disbursements from the fund to develop and carry out the plan developed pursuant to subsection (d) of this section, grants, direct or equity investments, contracts or other actions which support research, development, manufacture, commercialization, deployment and installation of environmental infrastructure and actions which expand the expertise of individuals, businesses and lending institutions with regard to environmental infrastructure.

(d) (1) (A) The Connecticut Green Bank is hereby established and created as a body politic and corporate, constituting a public instrumentality and political subdivision of the state of Connecticut established and created for the performance of an essential public and governmental function. The Connecticut Green Bank shall not be construed to be a department, institution or agency of the state.

(B) The Connecticut Green Bank shall (i) develop separate programs to finance and otherwise support clean energy and environmental infrastructure investment in residential, municipal, small business and larger commercial projects and such others as the Connecticut Green Bank may determine; (ii) support financing or other expenditures that promote investment in clean energy sources and environmental infrastructure in accordance with a comprehensive plan developed by it to foster the growth, development and commercialization of clean energy sources, environmental infrastructure and related enterprises; and (iii) stimulate demand for clean energy and the deployment of clean energy sources within the state that serve end use customers in the state.

(C) The Clean Energy Finance and Investment Authority shall constitute a successor agency to Connecticut Innovations, Incorporated, for the purposes of administering the Clean Energy Fund in accordance with section 4-38d. The Connecticut Green Bank shall constitute a successor agency to the Clean Energy Finance and Investment Authority for purposes of administering the Clean Energy Fund in accordance with section 4-38d. The Connecticut Green Bank shall have all the privileges, immunities, tax exemptions and other exemptions of Connecticut Innovations, Incorporated, with respect to said fund. The Connecticut Green Bank shall administer the Environmental Infrastructure Fund. The Connecticut Green Bank shall be subject to suit and liability solely from the assets, revenues and resources of said bank and without recourse to the general funds, revenues, resources or other assets of Connecticut Innovations, Incorporated. The Connecticut Green Bank may provide financial assistance in the form of grants, loans, loan guarantees or debt and equity investments, as approved in accordance with written procedures adopted pursuant to section 1-121. The Connecticut Green Bank may assume or take title to any real property, convey or dispose of its assets and pledge its revenues to secure any borrowing, convey or dispose of its assets and pledge its revenues to secure any borrowing, for the purpose of developing, acquiring, constructing, refinancing, rehabilitating or improving its assets or supporting its programs, provided each such borrowing or mortgage, unless otherwise provided by the board or said bank, shall be a special obligation of said bank, which obligation may be in the form of bonds, bond anticipation notes or other obligations which evidence an indebtedness to the extent permitted under this chapter to fund, refinance and refund the same and provide for the rights of holders thereof, and to secure the same by pledge of revenues, notes and mortgages of others, and which shall be payable solely from the assets, revenues and other resources of said bank and such bonds may be secured by a special capital reserve fund contributed to by the state, provided that any bond secured by such special capital reserve fund shall have a maturity not exceeding twenty-five years. The Connecticut Green Bank shall have the purposes as provided by resolution of said bank's board of directors, which purposes shall be consistent with this section. No further action is required for the establishment of the Connecticut Green Bank, except the adoption of a resolution for said bank.

(D) In addition to, and not in limitation of, any other power of the Connecticut Green Bank set forth in this section or any other provision of the general statutes, said bank shall have and may exercise the following powers in furtherance of or in carrying out its purposes:

(i) To have perpetual succession as a body corporate and to adopt bylaws, policies and procedures for the regulation of its affairs and the conduct of its business;

(ii) To make and enter into all contracts and agreements that are necessary or incidental to the conduct of its business;

(iii) To invest in, acquire, lease, purchase, own, manage, hold, sell and dispose of real or personal property or any interest therein;

(iv) To borrow money or guarantee a return to investors or lenders;

(v) To hold patents, copyrights, trademarks, marketing rights, licenses or other rights in intellectual property;

(vi) To employ such assistants, agents and employees as may be necessary or desirable, who shall be exempt from the classified service and shall not be employees, as defined in subsection (b) of section 5-270; establish all necessary or appropriate personnel practices and policies, including those relating to hiring, promotion, compensation and retirement, and said bank shall not be an employer, as defined in subsection (a) of section 5-270; and engage consultants, attorneys, financial advisers, appraisers and other professional advisers as may be necessary or desirable;

(vii) To invest any funds not needed for immediate use or disbursement pursuant to investment policies adopted by said bank's board of directors;

(viii) To procure insurance against any loss or liability with respect to its property or business of such types, in such amounts and from such insurers as it deems desirable;

(ix) To enter into joint ventures and invest in, and participate with any person, including, without limitation, government entities and private corporations, in the formation, ownership, management and operation of business entities, including stock and nonstock corporations, limited liability companies and general or limited partnerships, formed to advance the purposes of said bank, provided members of the board of directors or officers or employees of said bank may serve as directors, members or officers of any such business entity, and such service shall be deemed to be in the discharge of the duties or within the scope of the employment of any such director, officer or employee, as the case may be, so long as such director, officer or employee does not receive any compensation or financial benefit as a result of serving in such role;

(x) To enter into a memorandum of understanding or other arrangements with Connecticut Innovations, Incorporated, with respect to the provision or sharing of space, office systems or staff administrative support, on such terms as may be agreed to between said bank and Connecticut Innovations, Incorporated; and

(xi) To do all other acts and things necessary or convenient to carry out the purposes of said bank.

(E) (i) The Connecticut Green Bank may form one or more subsidiaries to carry out the purposes of said bank, as described in subparagraph (B) of subdivision (1) of this subsection, and may transfer to any such subsidiary any moneys and real or personal property of any kind or nature. Any subsidiary may be organized as a stock or nonstock corporation or a limited liability company. Each such subsidiary shall have and may exercise such powers of said bank, as set forth in the resolution of the board of directors of said bank prescribing the purposes for which such subsidiary is formed, and such other powers provided to it by law.

(ii) No such subsidiary of said bank shall be deemed a quasi-public agency for purposes of chapter 12. [and no such subsidiary shall] No such subsidiary of said bank shall have all the privileges, immunities, tax exemptions and other exemptions of said bank, unless such subsidiary is a single member limited liability company that is disregarded as an entity separate from its owner. In no event shall any such subsidiary have the power to hire or otherwise retain employees. The governing documents of any such subsidiary shall provide for the dissolution of such subsidiary upon the completion of the purpose for which such subsidiary was formed. Each such subsidiary may sue and shall be subject to suit, provided its liability shall be limited solely to the assets, revenues and resources of the subsidiary and without recourse to the general funds, revenues, resources or any other assets of said bank. Each such subsidiary is authorized to assume or take title to property subject to any existing lien, encumbrance or mortgage and to mortgage, convey or dispose of its assets and pledge its revenues to secure any borrowing, provided each such borrowing or mortgage shall be a special obligation of the subsidiary, which obligation may be in the form of bonds, bond anticipation notes and other obligations, to fund and refund the same and provide for the rights of the holders thereof, and to secure the same by a pledge of revenues, notes and other assets and which shall be payable solely from the revenues, assets and other resources of the subsidiary. The Connecticut Green Bank may assign to a subsidiary any rights, moneys or other assets it has under any governmental program. No subsidiary of said bank shall borrow without the approval of the board of directors of said bank.

(iii) Each such subsidiary shall act through its board of directors or managing members, at least one-half of which shall be members of the board of directors of said bank or their designees or officers or employees of said bank.

(iv) The provisions of section 1-125 and this subsection shall apply to any officer, director, designee or employee appointed as a member, director or officer of any such subsidiary. Any such person so appointed shall not be personally liable for the debts, obligations or liabilities of any such subsidiary as provided in section 1-125. The subsidiary shall, and said bank may, save harmless and indemnify such officer, director, designee or employee as provided by section 1-125.

(v) The Connecticut Green Bank, or such subsidiary, may take such actions as are necessary to comply with the provisions of the Internal Revenue Code of 1986, or any subsequent corresponding internal revenue code of the United States, as amended from time to time, to qualify and maintain any such subsidiary as a corporation exempt from taxation under said code.

(vi) The Connecticut Green Bank may make loans to each such subsidiary from its assets and the proceeds of its bonds, notes and other obligations, provided the source and security for the repayment of such loans is derived from the assets, revenues and resources of the subsidiary.

(2) (A) The Connecticut Green Bank may seek to qualify as a Community Development Financial Institution under Section 4702 of the United States Code. If approved as a Community Development Financial Institution, said bank would be treated as a qualified community development entity for purposes of Section 45D and Section 1400N(m) of the Internal Revenue Code.

(B) Before making any loan, loan guarantee, or such other form of financing support or risk management for a clean energy or environmental infrastructure project, the Connecticut Green Bank shall develop standards to govern the administration of said bank through rules, policies and procedures that specify borrower eligibility, terms and conditions of support, and other relevant criteria, standards or procedures.

(C) Funding sources specifically authorized include, but are not limited to:

(i) Funds repurposed from existing programs providing financing support for clean energy projects, provided any transfer of funds from such existing programs shall be subject to approval by the General Assembly and shall be used for expenses of financing, grants and loans;

(ii) Any federal funds that can be used for the purposes specified in subsection (c) of this section, provided such funds are not required to be deposited in the accounts of the Clean Water Fund pursuant to sections 22a-475 to 22a-483f, inclusive;

(iii) Charitable gifts, grants, contributions as well as loans from individuals, corporations, university endowments and philanthropic foundations;

(iv) Earnings and interest derived from financing support activities for clean energy and environmental infrastructure projects backed by the Connecticut Green Bank;

(v) If and to the extent that the Connecticut Green Bank qualifies as a Community Development Financial Institution under Section 4702 of the United States Code, funding from the Community Development Financial Institution Fund administered by the United States Department of Treasury, as well as loans from and investments by depository institutions seeking to comply with their obligations under the United States Community Reinvestment Act of 1977; and

(vi) The Connecticut Green Bank may enter into contracts with private sources to raise capital. The average rate of return on such debt or equity shall be set by the board of directors of said bank.

(D) The Connecticut Green Bank may provide financing support under this subsection if said bank determines that the amount to be financed by said bank and other nonequity financing sources do not exceed **[**eighty**]** one hundred per cent of the cost to develop and deploy a clean energy project or **[**up to one hundred per cent of the cost of financing an energy efficiency**]** an environmental infrastructure project.

(E) The Connecticut Green Bank may assess reasonable fees on its financing activities to cover its reasonable costs and expenses, as determined by the board.

(F) The Connecticut Green Bank shall make information regarding the rates, terms and conditions for all of its financing support transactions available to the public for inspection, including formal annual reviews by both a private auditor conducted pursuant to subdivision (2) of subsection (f) of this section and the Comptroller, and providing details to the public on the Internet, provided public disclosure shall be restricted for patentable ideas, trade secrets, proprietary or confidential commercial or financial information, disclosure of which may cause commercial harm to a nongovernmental recipient of such financing support and for other information exempt from public records disclosure pursuant to section 1-210.

<u>(G) The Connecticut Green Bank shall not apply, directly or through a subsidiary, to be eligible for grants under (i) the Clean Water Act, 33 USC 1251 et seq., as amended from time to time, without the approval of the State Treasurer and the Commissioner of Energy and Environmental Protection, or (ii) the Safe Drinking Water Act, 42 USC 300f et seq., as amended from time to time, without the approval of the State Treasurer and the Commissioner of Public Health.</u>

(3) No director, officer, employee or agent of the Connecticut Green Bank, while acting within the scope of his or her authority, shall be subject to any personal liability resulting from exercising or carrying out any of the Connecticut Green Bank's purposes or powers.

Sec. 21. Subsection (f) of section 16-245n of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2021*):

(f) (1) The board shall issue annually a report to the Department of Energy and Environmental Protection reviewing the activities of the Connecticut Green Bank in detail and shall provide a copy of such report, in accordance with the provisions of section 11-4a, to the joint standing committees of the General Assembly having cognizance of matters relating to energy<u>, the environment, banking</u> and commerce. The report shall include a description of the programs and activities undertaken during the reporting period jointly or in collaboration with the Conservation and Load Management Plan established pursuant to section 16-245m.

(2) The Clean Energy Fund <u>and the Environmental Infrastructure Fund</u> shall be audited annually. Such audits shall be conducted with generally accepted auditing standards by independent certified public accountants certified by the State Board of Accountancy. Such accountants may be the accountants for the Connecticut Green Bank.

(3) Any entity that receives financing for a clean energy <u>or</u>

environmental infrastructure project from the [fund] Clean Energy Fund or the Environmental Infrastructure Fund shall provide the board an annual statement, certified as correct by the chief financial officer of the recipient of such financing, setting forth all sources and uses of funds in such detail as may be required by the bank for such project. The Connecticut Green Bank shall maintain any such audits for not less than five years. Residential projects for buildings with one to four dwelling units are exempt from this and any other annual auditing requirements, except that residential projects may be required to grant their utility companies' permission to release their usage data to the Connecticut Green Bank.

Sec. 22. Subdivision (1) of subsection (e) of section 16-245n of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2021*):

(e) (1) The powers of the Connecticut Green Bank shall be vested in and exercised by a board of directors, which shall consist of [eleven] twelve voting members and [two] one nonvoting [members] member each with knowledge and expertise in matters related to the purpose and activities of said bank appointed as follows: The Treasurer or the Treasurer's designee, the Commissioner of Energy and Environmental Protection or the commissioner's designee, [and] the Commissioner of Economic and Community Development or the commissioner's designee, and the Secretary of the Office of Policy and Management or the secretary's designee, each serving ex officio, one member who shall represent a residential or low-income group appointed by the speaker of the House of Representatives for a term of four years, one member who shall have experience in investment fund management appointed by the minority leader of the House of Representatives for a term of three years, one member who shall represent an environmental organization appointed by the president pro tempore of the Senate for a term of four years, and one member who shall have experience in the finance or deployment of renewable energy appointed by the minority leader of the Senate for a term of four years. Thereafter, such members of the General Assembly shall appoint members of the board to succeed such appointees whose terms expire and each member so appointed shall hold office for a period of four years from the first day of July in the year of his or her appointment. The Governor shall appoint four members to the board as follows: Two for two years who shall have experience in the finance of renewable energy; one for four years who shall be a representative of a labor organization; and one for four years who shall have experience in research and development or manufacturing of clean energy. Thereafter, the Governor shall appoint members of the board to succeed such appointees whose terms expire and each member so appointed shall hold office for a period of four years from the first day of July in the year of his or her appointment. The president of the Connecticut Green Bank shall be elected by the members of the board. The president of the Connecticut Green Bank shall serve on the board in an ex-officio, nonvoting capacity. The Governor shall appoint the chairperson of the board. The board shall elect from its members a vice chairperson and such other officers as it deems necessary and shall adopt such bylaws and procedures it deems necessary to carry out its functions. The board may establish committees and subcommittees as necessary to conduct its business.

Sec. 23. Subsection (g) of section 16-245mm of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2021*):

(g) Notwithstanding any other provision contained in this section, the aggregate amount of bonds secured by such special capital reserve fund authorized to be created and established by this section shall not exceed [one hundred] two hundred fifty million dollars.

Sec. 24. Subsection (c) of section 16-245kk of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2021*):

(c) The bonds may be issued as serial bonds or as term bonds, or the Connecticut Green Bank, in its discretion, may issue bonds of both types. The bonds shall be authorized by resolution of the members of the board of directors of said bank and shall bear such date or dates, mature at such time or times, not exceeding **[**twenty**]** twenty-five years for bonds issued for clean energy and fifty years for bonds issued for environmental infrastructure from their respective dates and in each case not to exceed the expected useful life of the underlying project or projects, bear interest at such rate or rates, be payable at such time or times, be in such denominations, be in such form, either coupon or registered, carry such registration privileges, be executed in such manner, be payable in lawful money of the United States at such place or places, and be subject to such terms of redemption, as such resolution or resolutions may provide. The bonds or notes may be sold at public or private sale for such price or prices as said bank shall determine. The power to fix the date of sale of bonds, to receive bids or proposals, to award and sell bonds, and to take all other necessary action to sell and deliver bonds may be delegated to the chairperson or vice-chairperson of the board, a subcommittee of the board or other officers of said bank by resolution of the board. The exercise of such delegated powers may be made subject to the approval of a majority of the members of the board which approval may be given in the manner provided in the bylaws of said bank. Pending preparation of the definitive bonds, said bank may issue interim receipts or certificates which shall be exchanged for such definitive bonds.

| This act shall take effect as follows and shall amend the following sections: | | |
|---|---|---|
| Section 1 | *July 1, 2021* | 22a-498 |
| Sec. 2 | *July 1, 2021* | 22a-498a |
| Sec. 3 | *July 1, 2021* | 22a-498b |
| Sec. 4 | *July 1, 2021* | New section |
| Sec. 5 | *July 1, 2021* | 25-84 |
| Sec. 6 | *July 1, 2021* | 25-85 |
| Sec. 7 | *July 1, 2021* | 25-86 |
| Sec. 8 | *July 1, 2021* | 25-87 |
| Sec. 9 | *July 1, 2021* | 25-92 |
| Sec. 10 | *July 1, 2021* | 25-94 |
| Sec. 11 | *July 1, 2021* | 25-95 |
| Sec. 12 | *July 1, 2021* | 25-97 |
| Sec. 13 | *July 1, 2021* | 25-98 |

| | | |
|---|---|---|
| Sec. 14 | *July 1, 2021* | 7-326 |
| Sec. 15 | *July 1, 2021* | 7-328(a) |
| Sec. 16 | *July 1, 2021* | 22a-113p |
| Sec. 17 | *July 1, 2021* | 22a-361(e)(2) |
| Sec. 18 | *July 1, 2021* | 25-76 |
| Sec. 19 | *July 1, 2021* | 7-159d(c) |
| Sec. 20 | *July 1, 2021* | 16-245n(a) to (d) |
| Sec. 21 | *July 1, 2021* | 16-245n(f) |
| Sec. 22 | *July 1, 2021* | 16-245n(e)(1) |
| Sec. 23 | *July 1, 2021* | 16-245mm(g) |
| Sec. 24 | *July 1, 2021* | 16-245kk(c) |

***ENV*** *Joint Favorable Subst.*

*The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.*

## *OFA Fiscal Note*

### *State Impact:*

| Agency Affected | Fund-Effect | FY 22 $ | FY 23 $ |
|---|---|---|---|
| Treasurer, Debt Serv. | GF – Potential Cost | See Below | See Below |
| Various State Agencies | Various - Cost | Potential | Potential |

Note: Various=Various; GF=General Fund

### *Municipal Impact:*

| Municipalities | Effect | FY 22 $ | FY 23 $ |
|---|---|---|---|
| Various Municipalities | Revenue Gain | Up to 75.1 million cumulatively | Up to 75.1 million cumulatively |
| Various Municipalities | Cost/Savings | See Below | See Below |

### *Explanation*

**Sections 1 to 3** allow any municipality to establish a stormwater authority. The sections also expand these authorities' ability to assess fees, and establish a process for municipalities to approve fees.

In municipalities that establish stormwater authorities, the bill potentially shifts the cost of certain stormwater management projects to stormwater authorities. This results in a savings to those municipalities to the extent that they would have otherwise financed those projects. The bill also results in a cost to the state and municipalities as it requires authorities to assess fees on all property within their jurisdiction. Any state or town owned property located in a stormwater authority's jurisdiction would be subject to such fees, which would vary based on the size of the property.

**Section 4** allows municipalities to establish a tiered real estate conveyance tax that increases based on sale price. If all municipalities established such a tax at the maximum rates allowed by the bill, they would cumulatively collect approximately $75.1 million annually. Funds may be used only for purposes specified by the bill, including affordable housing, open land stewardship, climate resiliency, and other environmental projects.

**Sections 5 to 19** expand the scope and authority of municipal flood and erosion control boards. This has no fiscal impact as the bill does not provide any new funding source for these boards or mandate any new responsibilities for any municipality.

**Sections 20-24** expand the Connecticut Green Bank's authority to include the financing of environmental infrastructure projects and makes several changes to the Green Banks's bonding authority.

The bill increases the Green Banks's special capital reserve fund (SCRF) bond authorization from $100 million to $250 million. To the extent that additional bonds are issued, there is a potential minimal impact to the state's debt service going forward through the life of any bonds issued. As of November 2020, the Green Bank had outstanding SCRF-backed debt of $27.4 million.[1]

In order to issue SCRF-backed bonds, the Green Bank must get approval from the State Treasurer. The State Treasurer is not expected to approve the issuance of SCRF-backed bonds unless the Green Bank can show that it will be able to generate sufficient revenue from its activities to pay the debt service on the bonds and that the useful lifespan of the projects meets or exceeds the bond repayment duration.

The bill increases the allowable maturity date of the Green Bank's SCRF-backed bonds from twenty to twenty-five years. It also increases allowable maturity for non-SCRF-backed bonds from twenty to twenty-five years for clean energy projects and from twenty to fifty years for

[1] Source: January 2021 General Obligation Bonds Official Statement

environmental infrastructure projects. To the extent that bonds with a longer term are issued, there is the potential for increased borrowing cost to the Green Bank associated with extended maturity dates. See background for more information.

These sections also establish an Environmental Infrastructure Fund that may contain funding from existing funding sources that the Bank already utilizes, such as bond funding, charitable gifts, and interest from financing activities. The administrative costs related to these provisions do not result in a fiscal impact**.**

**Background**

**SCRF-backed bonds.** SCRF-backed bonds are a contingent liability of the state.[2] The SCRF provides a higher level of repayment security, which results in a lower rate of interest on the bond issuance than the relevant market rate. In the event that the SCRF is drawn down in part or completely, a draw on the General Fund is authorized and the SCRF is fully restored. The draw on the General Fund is deemed to be appropriated and is not subject to the constitutional or statutory appropriations cap. If draws on a SCRF continue, the annual draws on the General Fund required to refill it also continue until the fund is replenished by the bond issuer or the underlying debt is repaid.

**Extended maturities.** Bonds are typically issued with maturities and debt service payment durations that match the expected useful life of the capital project being financed through the bonds. The state has typically kept maturities at or below 20 years, even when the useful life of projects may exceed the 20-year timeframe.

While bonds issued for longer terms typically have lower annual payments than those bonds issued for shorter terms, the amount of interest paid increases due to slower pay down of the principal balance and because financial markets typically require higher interest rates for longer issuances. An extended use of longer repayment durations may

[2] Contingent liabilities do not count against the state's statutory limits on General Obligation bonding.

have a deleterious impact on the credit rating of the bonds being issued and/or the organization issuing such bonds. The slower repayment of principal may lead to either less funding being available for projects in the future or increasing debt levels for the life of the bonds.

### *The Out Years*

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

**OLR Bill Analysis**
**sHB 6441**

## *AN ACT CONCERNING CLIMATE CHANGE ADAPTATION.*

## SUMMARY

This bill does the following:

1. authorizes all municipalities, rather than just certain ones, to establish a municipal stormwater authority; expands the authorities' powers to assess fees; and specifies the process by which municipal legislative bodies approve the fees (§§ 1-3);

2. establishes a municipal option conveyance fee on real property sales and limits the fee's use, for certain municipalities, to such things as stewardship of water resources and open space, farm, or forest land; funding climate resilience, mitigation, or adaptation strategies; and funding affordable housing (§ 4);

3. broadens the authority of municipal flood and erosion control boards to include flood prevention and climate resilience and allows municipalities to enter into agreements to form joint boards (§§ 5-18); and

4. expands the Connecticut Green Bank's duties to include developing separate programs to finance and otherwise support environmental infrastructure and establishes an Environmental Infrastructure Fund within the Green Bank for this purpose (§§ 20-24).

With respect to the Green Bank, the bill also increases, from $100 million to $250 million, the amount of bonds the Green Bank may issue that are backed by a special capital reserve fund (SCRF). SCRF-backed bonds are contingent liabilities of the state; if a SCRF is exhausted, the

General Fund automatically replenishes it, regardless of the state spending cap (§ 23).

The bill also makes minor, technical, and conforming changes.

EFFECTIVE DATE: July 1, 2021

## §§ 1-3 — MUNICIPAL STORMWATER AUTHORITIES

### *Eligible Municipalities*

This bill authorizes all municipalities to establish a municipal stormwater authority, rather than just the three municipalities (New Haven, New London, and Norwalk) that participated in the Department of Energy and Environmental Protection's (DEEP) municipal stormwater authority pilot program (authorized under PA 07-154).

The bill applies to any town, city, borough, consolidated town and city, or consolidated town or borough. It does not apply to local or regional school districts; municipal fire, sewer, fire and sewer, lighting, village, beach, improvement association, or other districts or associations wholly within a town that have the power to levy taxes; metropolitan districts; or other municipal corporations or authorities that may issue bonds, notes, or other obligations.

### *Fee Assessment*

Under current law, stormwater authorities created under the pilot program must, among other things, recommend to the municipality's legislative body a levy on taxable real property in the stormwater district. The bill instead requires stormwater authorities to recommend a fee to be imposed on all real property in the district except as described below. The bill explicitly requires, rather than authorizes, the authorities to use the revenue generated to carry out any of the district's powers. It makes conforming changes to an existing provision about a stormwater authority created under the DEEP pilot program and located in a distressed municipality with a population of 28,000 or fewer (i.e., New London).

Under the bill, each stormwater authority must present its budget annually to the municipality's legislative body for approval. The budget must include (1) the specific programs the authority proposes to undertake during the fiscal year, (2) its projected expenditures for the programs, and (3) the fee amount it proposes to levy to pay for the expenditures.

The total fees proposed for the fiscal year may not exceed the total projected expenditures. Under the bill, the legislative body may approve fee amounts that are less than the authority's proposed amounts. In setting fees, the bill requires, rather than allows, authorities to consider (1) the amount of impervious surface generating stormwater runoff, (2) land use types that result in higher concentrations of stormwater pollution, and (3) the property's grand list valuation. The bill additionally requires them to consider land use types that result in lower concentrations of stormwater pollution.

### *Exempt Properties*

Current law authorizes the authorities to reduce or defer stormwater fees for land classified as, or consisting of, farm, forest, or open space. The bill instead prohibits them from imposing fees on this land except for areas with impervious surfaces from which stormwater is generated.

### *Delinquent Fees*

Under the bill, fees that are not paid in full on or before 30 days after they are due are subject to the same interest rate as delinquent property taxes (i.e., 1.5% per month). Unpaid fees and interest are a lien on the property owner's real or personal property on which the fee was levied and may be recorded and released just like property tax liens.

Under the bill, someone aggrieved by an authority's action has the same rights and remedies for appeal and relief as the law provides for property taxpayers aggrieved by an assessor's or a board of assessment appeal's action.

## § 4 — CONVEYANCE FEE

The bill authorizes municipalities, by a vote of their legislative bodies, to impose a conveyance fee on real property sales. It allows the fee to be paid by either the buyer or seller, or a combination of the two as they decide.

### *Fee Amount*

The bill sets the fee rates as follows:

1. up to 0.5% of the amount of the purchase price that exceeds $150,000, up to $800,000;

2. up to 1% of the amount of the purchase price that exceeds $800,000, up to $2.5 million; and

3. up to 1.5% of the amount of the purchase price that exceeds $2.5 million.

### *Use of Funds*

The bill requires the collected fees to be kept by the municipality and maintained in a separate account. It limits use of the fees, if the municipality is not a distressed municipality or not on the housing commissioner's list of municipalities exempt from the Affordable Housing Land Use Appeals Procedure (see BACKGROUND), to the following:

1. open space land stewardship, such as for water resources, forest land, and farmland, but not land acquisition;

2. funding a Climate Change and Coastal Resiliency Reserve Fund or other municipal climate resilience, mitigation, or adaptation strategies;

3. matching investments from state programs for new or existing affordable housing programs funded from the Community Investment Account (see BACKGROUND);

4. funding other environmental projects such as urban forestry and planting trees, but not land acquisition; and

5. repaying municipal bonds that were obtained for the above

purposes.

The bill allows distressed municipalities and targeted investment communities to set aside up to 10% of the fees they receive to offset property tax revenue reductions due to tax exemptions for protected open space, forest, farm, or recreational land.

### *Exempt Conveyances*

The bill exempts from the fee (1) conveyances that preserve open space, farm, or forest land in perpetuity and (2) transactions existing law exempts from real estate taxation (e.g., deeds between spouses, to secure a debt, related to corporation mergers, tax deeds).

## §§ 5-18 — FLOOD PREVENTION, CLIMATE RESILIENCE, AND EROSION CONTROL BOARDS

### *Scope of Authority*

Current law authorizes municipalities to (1) establish a flood and erosion control board to prevent potential hazards from flooding, stream bank erosion, or beach erosion and (2) establish a separate taxing district for these purposes. These boards may plan, acquire, construct, repair, maintain, and manage a system, which may include such things as dikes, dams, piping, sea walls, jetties, tide-gates, water storage areas, or other structures or facilities.

The bill (1) increases the scope of these boards to include flood prevention and climate resilience; (2) allows them to also operate the systems; and (3) includes nonstructural and nature-based measures (e.g., altering or removing existing structures, maintaining open floodplain, and other less environmentally damaging alternatives) and open space for future accommodations or to establish wetlands or watercourses, as part of the system. It correspondingly renames these boards "flood prevention, climate resilience and erosion control boards."

The bill extends to the boards' broader scope of authority existing law's authorizations related to entering and taking property; issuing bonds; and taxing or assessing property owners, among other things.

The bill allows the boards to (1) apply for and use public or private grant funding; (2) draw upon a municipal Climate Change and Coastal Resilience Reserve Fund; and (3) additionally enter into contracts with municipalities to further the boards' purposes when related to navigation improvement projects, instead of only with the state and the federal government. The boards may also enter into agreements with the DEEP commissioner to construct projects or systems to prevent climate change impacts, as the current boards may do for their purposes.

### *Joint Boards*

The bill allows municipalities to enter into agreements to have joint boards, but they must be approved by concurrent votes of the municipalities' legislative bodies. A joint board has authority over each municipality that is a party to the agreement.

### *Biannual Report*

The bill establishes a twice-yearly reporting requirement for flood prevention, climate resilience, and erosion control boards. The report must be published on the website of each municipality that is subject to the board's authority. The report must include the following:

1. an inventory and description of the flood prevention, climate resilience, and erosion control system the board manages;

2. the extent and value of property, infrastructure, and natural resources the system protects;

3. an analysis of how the system prioritizes and protects vulnerable communities, which are populations that may be disproportionately affected by climate change; and

4. the board's revenue and expenses.

### *Other Provisions*

The bill requires the boards to consider regional and municipal hazard mitigation plans, resilience plans, identified vulnerable communities, and municipal conservation and development plans when planning for and doing their work. It also allows the boards to consult with the Connecticut Institute for Resilience and Climate Adaption for this purpose.

## §§ 20-24 — CONNECTICUT GREEN BANK

### *Environmental Infrastructure*

***Green Bank Authority.*** The Green Bank's current duties include developing programs for, and promoting investment in, clean energy. The bill expands the Green Bank's duties to include (1) developing separate programs to finance and otherwise support environmental infrastructure and (2) promoting investment in the infrastructure.

By law, the Green Bank has standards governing its administration, including rules, policies, and procedures for such things as borrower eligibility, terms, and conditions. The law required these standards to be in place before the bank financially supported clean energy projects and the bill extends this requirement to environmental infrastructure projects. The bill applies existing requirements for clean energy funding to environmental infrastructure projects (e.g., fees, several funding sources).

***Project Types.*** The bill expands the types of projects the Green Bank can promote investment in to include environmental infrastructure, which, under the bill, is structures, facilities, systems, services, and improvement projects related to water, waste and recycling, climate adaptation and resiliency, agriculture, land conservation, parks and recreation, and environmental markets such as carbon offsets and ecosystem services.

Under the bill, "carbon offsets" are an activity that compensates for greenhouse gas (GHG) emissions through an emission reduction. "Ecosystem services" are ecosystem benefits such as (1) provisioning services (e.g., food and water), (2) regulating services (e.g., regulating floods, drought, land degradation, and disease), and (3) supporting services (e.g., soil formation and nutrient cycling).

***Environmental Infrastructure Fund Purpose.*** The bill requires the

Green Bank's comprehensive plan to include growth, development, commercialization, and, where applicable, preservation of environmental infrastructure and related enterprises. Current law requires similar planning for clean energy purposes. The bill allows the bank to use the Environmental Infrastructure Fund to pay for expenses to promote environmental infrastructure investment, but not projects eligible for Clean Water Fund funding.

The bill allows an environmental infrastructure project to receive financing support from the Green Bank if the bank determines that the amount it and other nonequity financing sources provide does not exceed 100% of the project's cost.

As it does under existing law for clean energy, the bill requires the Green Bank to (1) develop separate programs to finance and support environmental infrastructure investment in residential, municipal, small business, and larger commercial projects, and others the Green Bank determines and (2) support financing or other expenses that promote environmental infrastructure investment, which must be done according to its comprehensive plan.

The expenses may include costs related to such things as:

1. low-cost financing and credit enhancement mechanisms for projects and technologies;

2. grants;

3. contracts or other actions to support research, development, manufacture, commercialization, deployment, and installation of environmental infrastructure;

4. actions to expand the expertise of individuals, businesses, and lending institutions regarding environmental infrastructure;

5. direct or equity investments;

6. reimbursements of operating expenses; and

7. disbursements to develop and carry out the Green Bank's comprehensive plan.

Under the bill, operating expenses may include the Green Bank's (1) administrative expenses, (2) capital costs related to fund operation, (3) plan implementation, and (4) other permitted activities.

***Funding Sources.*** The bill's expansion of the Green Bank's duties enables the bank to use its existing bonding authority to provide financing for environmental infrastructure projects (see *Bonding*, below). As is available under existing law for clean energy projects, similar funding sources are available for financing environmental infrastructure, including such things as:

1. charitable gifts, grants, contributions, and loans from individuals, corporations, university endowments, and philanthropic foundations;

2. earnings and interest from financing support activities backed by the Green Bank; and

3. private sources, pursuant to contract.

The bill also allows the fund to receive any (1) amount required by law to be deposited into the fund and (2) federal funds that may become available to the state for environmental infrastructure investments. But it explicitly prohibits from being deposited into the fund: (1) ratepayer or Regional Greenhouse Gas Initiative funds that under existing law are used for clean energy projects, (2) funds in the state's Clean Water Fund account or that must be deposited into the account, and (3) funds collected from water companies.

The bill also prohibits the Green Bank from applying for federal clean water or safe drinking water grants without approval from the state treasurer and the DEEP or public health commissioners, respectively.

***Audits and Certified Statements.*** The bill requires the Environmental Infrastructure Fund, like the existing Clean Energy

Fund, to be annually audited. Entities receiving environmental infrastructure project funding, unless exempt under existing law (i.e., certain residential projects), must provide annual certified statements to the Green Bank's Board of Directors.

### *Other Provisions*

***Board Membership.*** The bill adds the Office of Policy and Management secretary, or her designee, as a voting member of the Green Bank's Board of Directors.

***Bonding.*** The bill limits the term of bonds secured by the Green Bank's SCRF to 25 years. The bill generally (1) increases, from 20 to 25 years, the maximum term of bonds issued for clean energy projects and (2) sets the maximum term of bonds issued for environmental infrastructure projects at 50 years. But in neither case can the bond's maturity date exceed an underlying project's expected useful life.

***Funding Qualification.*** The bill allows any eligible project, including environmental infrastructure projects (see above), to receive financing support from the Green Bank if the bank determines that the amount it and other nonequity financing sources provide does not exceed 100% of the project's cost. Current law restricts funding for clean energy projects to those for which the Green Bank and other nonequity sources provide no more than 80% of the cost.

***Quasi-Public Subsidiaries.*** Current law prohibits Green Bank subsidiaries from being deemed quasi-public agencies with the bank's privileges, immunities, and tax and other exemptions. The bill creates an exception from this prohibition for single member limited liability companies (LLCs) that are disregarded as entities separate from their owner.

***Reporting.*** The bill adds the Banking and Environment committees to the legislative committees to which the Green Bank's board must submit its annual activity report, instead of only the Energy and Technology and Commerce committees.

## BACKGROUND

### *Affordable Housing*

By law, the Department of Housing annually publishes a list of housing stock in each municipality that qualifies as affordable housing under the Affordable Housing Land Use Appeals Procedure (CGS §§ 8-30g(k) & 8-37qqq(a)(2)(D)). Under CGS § 8-30g, municipalities in which at least 10% of housing is deemed affordable are generally exempt from the law's appeals procedure.

Affordable housing stock that counts toward the 10% includes: (1) certain types of government-assisted housing, (2) housing currently financed by Connecticut Housing Finance Authority mortgages, (3) housing subject to deeds and conditions restricting its sale or rental to low- and moderate-income people, and (4) mobile homes or accessory apartments subject to certain deed restrictions.

### *Community Investment Account (CIA)*

By law, the CIA is a separate, non-lapsing General Fund account that provides funding for open space, farmland preservation, historic preservation, affordable housing, and promoting agriculture. Funds are divided between DEEP, the Department of Economic and Community Development (DECD), the Department of Housing, and the Department of Agriculture. The account is capitalized through a $40 land recording fee (CGS §§ 4-66aa & 7-34a(e)).

### *Distressed Municipalities*

By law, the DECD commissioner must annually designate distressed municipalities based on a combination of economic, education, demographic, and housing criteria. In 2020, he designated the following 25 municipalities as distressed:

| | | |
|---|---|---|
| Ansonia | Bridgeport | Bristol |
| Chaplin | Derby | East Hartford |
| East Haven | Griswold | Hartford |
| Meriden | Montville | New Britain |
| New Haven | New London | Norwich |

| | | |
|---|---|---|
| Preston | Putnam | Sprague |
| Stratford | Torrington | Voluntown |
| Waterbury | West Haven | Winchester |
| Windham | | |

### *Related Bills*

sSB 971, favorably reported by the Planning and Development Committee, authorizes municipalities to invest their Climate Change and Coastal Resiliency Reserve Funds in any trust fund administered, held, or invested by the state treasurer.

HB 6497 (File 205), favorably reported by the Environment Committee, contains identical stormwater provisions.

## COMMITTEE ACTION

Environment Committee

Joint Favorable Substitute
Yea 21 Nay 11 (03/29/2021)

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