



Board of Directors of the
Connecticut Green Bank
Special Meeting Minutes

Wednesday, November 20, 2019
2:00 p.m. – 3:00 p.m.

A special meeting of the Board of Directors of the **Connecticut Green Bank (the “Green Bank”)** was held on November 20, 2019 at the office of the Connecticut Green Bank, 845 Brook Street, Rocky Hill, CT, in the Colonel Albert Pope Board Room.

1. Call to Order

Lonnie Reed called the meeting to order at 2:04 pm.

Board members participating: Bettina Bronisz (by phone), Eric Brown (by phone), Binu Chandry (by phone), John Harrity (by phone), Michael Li (by phone), and Lonnie Reed

Members Absent: Betsy Crum, Thomas Flynn, Kevin Walsh, Matt Ranelli

Staff Attending: Shawne Cartelli, Bryan Garcia, Brian Farnen (by phone), Bert Hunter, Jane Murphy, Cheryl Samuels, Ariel Schneider, Eric Shrago, Michael Yu (by phone), Nicholas Zuba (by phone)

Others in Attendance: Chris Magalhaes (by phone) and Ben Healey (by phone)

2. Public Comments

- No public in attendance. No public comments.

3. Consent Agenda

- a. Meeting Minutes from October 25, 2019

Resolution #1

Motion to approve the meeting minutes of the Board of Directors for October 25, 2019.

Upon a motion made by John Harrity and seconded by Binu Chandry, the Board voted to approve Resolution 1. Motion approved unanimously.

4. Financing Programs Recommendations

a. Posi-Gen – Financing Restructuring

- Bert Hunter introduced Chris Magalhaes from IPC, Chief Investment Officer and Ben Healey from PosiGen, EVP, Finance and Corporate Development.
- Bert summarized PosiGen's PBI Financing Facility background. He stated that the Green Bank has been working with PosiGen since 2014 to reach Low-to-Moderate Income (LMI) households in Connecticut to provide Solar PV and energy efficiency financing. He explained the importance of a disciplined organizational structure to gain the capital structure to succeed, and that without it, processing and administrative requirements can become stressful on an organization. PosiGen has been rationalizing their Capital STAG to make it more efficient and less operationally stressful.
 - Bert emphasized that a stronger capital base is more attractive to investors, especially for presentation in January 2020 (?).
- Bert explained that the Green Bank wants to help expand PosiGen's PBI Financing Facility to benefit their working capital over the next few years. The Green Bank's contribution, even with expansion, is less than \$20,000,000 but the intent is to also utilize the Green Bank's credibility and use brand recognition to benefit PosiGen beyond the dollar values.
 - The Green Bank's contributions and PosiGen's system supports about 14,000 homeowners in states beyond Connecticut such as New Jersey and Louisiana.
- Bert stated that the Green Bank would like to expand its contribution to PosiGen's PBI Financing Facility by \$3,000,000, but not to exceed \$8,000,000. As well, would like to increase the Green Bank's \$1,000,000 Participation up to \$5,000,000.
 - PosiGen is set to expand further and is looking for more flexibility from IPC participation, hence the need from the Green Bank. The funds from the Green Bank would help deploy projects beyond PosiGen.
 - The Green Bank's additional contributions would be backed by current PBI collateral and the total overall increase would be up to \$4,000,000. As well, LibreMax's expanded Back Leverage Facility is set to be taken over by Ares. New Island's Back Leverage Facility would be a separate but similar portfolio.
- Lonnie Reed asked if the change in funding is already set or still being discussed.
 - Bert Hunter stated the Ares Finance Committee met and approved the transaction, but the change is not finalized because the Green Bank Board of Directors still needs to approve it. Even though the funds were previously approved through LibreMax, the lender has changed to Ares and so new approval is needed.
- John Harrity summarized the information, wanting to be clear that he understood.
 - Bert Hunter clarified that Ares is taking the maximum amount of the Back Leverage Financing Facility available and raise it to \$75,000,000. As well, Ares will raise its rate from 68% to 72% while lowering the cost of capital from LIBOR+8.25% to LIBOR+6.75%. PosiGen is expanding due to the strain on deployment projects, and the use of Equity Capital is also being discussed.

- Lonnie Reed asked for clarification if PosiGen or LibreMax initiated the divorce between the two companies.
 - Ben Healey stated it was a mutual decision. He explained that LibreMax is a hedge fund and this was its first direct-to-consumer loan. Previously it mostly worked with traders. Over the course of the summer it became clear that the flexibility PosiGen needed was not going to be well met by LibreMax due to the constraints and lack of understanding by its business model. Ben stated that LibreMax would become nervous whenever there was any volatility and would slow down business as a response. As a result, PosiGen switched to Ares, though it felt pushed by LibreMax.
- Lonnie Reed asked if PosiGen has more comfort with Ares, as it didn't look like there were many energy investments.
 - Ben Healey clarified that Ares has done Back Leverage with Sunrun and other companies, and that they are quite familiar with the process.
- Eric Brown stated he had concerns about quintupling of the Green Bank's exposure.
 - Bert Hunter explained that the increase from \$1,000,000 to \$5,000,000 is backed by solar energy credits, the funds would be paid to PosiGen over 4-6 years, and that the funds are secured by other means.
- John Harrity asked if there was any reason the Green Bank should only be working with PosiGen. He asked if there was any reason it doesn't diversify to deliver programs, questioning if it is more efficient to work with only one outlet.
 - Bert stated that the Green Bank is also working with Inclusive Prosperity Capital to bring forward Momentum Capital. Chris Magalhaes explained that the relationship with PosiGen goes back to 2014, so it has been in the Connecticut market for a while. Over time, the process has been streamlined. He stated about 3-4 months ago, IPC identified a potential new entrant, Momentum Capital. IPC has been working with Momentum Capital to get to a point to structure a Financing Facility that they are comfortable with. The intent is to have a new Financing Facility in place in Connecticut where the Green Bank can participate, and in the long run to provide another option for the Green Bank to use as a provider. Chris stated that looking back, there has only been 2 companies that can maintain this type of Financing Facility officially and safely.
 - Bert Hunter added that in the last few Board meetings there have been discussions about bringing forward an RFP process. The Green Bank has been in contact with other companies (e.g., Clean Energy Finance Corporation of Australia and the New York Green Bank) in last 3 weeks about how their RFPs are structured since they have had success. Bert stated the Green Bank wants to bring that process over by Q1 2020.
- John Harrity stated his confidence in the deal, based on Ben Healey's involvement, position at PosiGen, and prior work at the Green Bank. Bettina Bronisz echoed the statement and is happy with Ben Healey's presence.

Resolution #2

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 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 \$15 million;

WHEREAS, the Board previously authorized the Green Bank to lend additional funds to PosiGen under the separate PBI-only facility (the “PBI Facility”) in addition to the BL Facility, provided that Green Bank capital outstanding between such PBI Facility and the BL Facility would not exceed the previously authorized \$15 million total;

WHEREAS, PosiGen is refinancing the existing BL Facility by replacing capital sourced from LibreMax Capital with capital sourced from Ares Capital (the “PosiGen Refinancing”) as explained in the memorandum to the Board dated November 15, 2019;

WHEREAS, in order to make efficient use of performance based incentive collateral (the “PBI Collateral”), staff recommends increasing the PBI Facility supported by the PBI Collateral to permit additional advances by Green Bank that can be supported by the PBI Collateral and as explained in the memorandum to the Board dated November 15, 2019.

NOW, therefore be it:

RESOLVED, that the Board approves of the PosiGen Refinancing provided that Green Bank capital outstanding under the BL Facility does not exceed \$14 million;

RESOLVED, that the Green Bank Board authorizes the Green Bank to lend additional funds to PosiGen under the PBI Facility provided that Green Bank capital outstanding under the PBI Facility does not exceed \$5 million;

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.

Upon a motion made by John Harrity and seconded by Bettina Bronisz, the Board voted to approve Resolution 2. Motion approved unanimously.

5. Incentive Programs Recommendations

a. Energize CT Smart-E Loan – Interest Rate Buydown

- Bryan Garcia stated the Green Bank may be ready for second proposal at the December meeting, and that it wants to put stimulus funds back into Connecticut programs to support its climate change plan. Beyond that statement, this item was not discussed.

Agenda Item 5.a. has been withdrawn from this Board Meeting and was not voted upon.

6. Adjourn

Upon a motion made by John Harrity and seconded by Bettina Bronisz, the meeting was adjourned at 2:37 pm.

Respectfully submitted,

Lonnie Reed, Chairperson