



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

Friday, October 22, 2021
9:00 a.m. – 11:00 a.m.

A regular meeting of the Board of Directors of the **Connecticut Green Bank (the “Green Bank”)** was held on October 22, 2021.

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

Board Members Present: Binu Chandy, Claire Coleman, Thomas Flynn, Dominick Grant, Vicki Hackett, John Harrity, Adrienne Houël, Laura Hoydick, Matthew Ranelli, Lonnie Reed, Sarah Sanders, Brenda Watson

Board Members Absent: None

Staff Attending: Blaire Backman, Sergio Carrillo, Shawne Cartelli, Louise Della Pesca, Brian Farnen, Bryan Garcia, Bert Hunter, Alex Kovtunencko, Cheryl Lumpkin, Matt Macunas, Jane Murphy, Ariel Schneider, Eric Shrago, Dan Smith, Fiona Stewart, Mike Yu

Others present: Giulia Bambara, Claire Sickinger, Robert Lamb, Christopher Baisden

1. Call to Order

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

2. Public Comments

- No public comments.

3. Board Matters – Welcome New Members and Vice Chair Elections

- Lonnie Reed introduced the new Board members: Vicki Hackett, Sarah Sanders, Dominick Grant, and Laura Hoydick.
- Lonnie Reed nominated Vicki Hackett for Vice Chair. No other nominations were named.

Resolution #1

Resolved that Victoria Hackett has been elected by the Board of Directors of the Connecticut Green Bank in accordance with its bylaws to serve as its Vice Chairperson.

4. Consent Agenda

- Bryan Garcia explained the Consent Agenda items for the new Board members.

a. Meeting Minutes of July 23, 2021

Resolution #2

Motion to approve the meeting minutes of the Board of Directors for July 23, 2021.

b. Progress to Targets for FY 2021 (Final)

Resolution #3

WHEREAS, in July of 2011, the Connecticut General Assembly passed Public Act 11-80 (the Act), "AN ACT CONCERNING THE ESTABLISHMENT OF THE DEPARTMENT OF ENERGY AND ENVIRONMENTAL PROTECTION AND PLANNING FOR CONNECTICUT'S ENERGY FUTURE," which created the Connecticut Green Bank (the "Green Bank") to develop programs to finance and otherwise support clean energy investment per the definition of clean energy in Connecticut General Statutes Section 16-245n(a);

WHEREAS, the Act directs the Green Bank to develop a comprehensive plan to foster the growth, development and commercialization of clean energy sources, related enterprises and stimulate demand clean energy and deployment of clean energy sources that serve end use customers in this state;

WHEREAS, on July 18, 2019, the Board of Directors of the Connecticut Green Bank approved a Comprehensive Plan for FY 2020 and Beyond called Green Bonds US, including an annual budget and targets for FY 2021, which was approved on July 24, 2020 and revised on January 22, 2021;

WHEREAS, on July 23, 2021, the Board of Directors of the Connecticut Green Bank approved of the draft Program Performance towards Targets for FY 2021 memos for the Incentive Programs and Financing Programs.

NOW, therefore be it:

RESOLVED, that Board has reviewed and approved the restated Program Performance towards Targets for FY 2021 memos dated October 22, 2021, which provide an overview of the performance of the Incentive Programs and Financing Programs with respect to their FY 2021 targets.

RESOLVED, that Board has also reviewed and approved the Investment and Public Benefit Performance memo dated October 22, 2021.

c. Board of Directors and Committees – Regular Meeting Schedule for 2022

Resolution #4

Motion to approve the Regular Meeting Schedules for 2022 for the Board of Directors, ACG Committee, BOC Committee, Deployment Committee, and Joint Committee.

Upon a motion made by Matt Ranelli and seconded by Brenda Watson, the Board of Directors voted to approve the Consent Agenda which contains Resolutions 2-4. None opposed or abstained. Motion approved unanimously.

d. Other Items

- Bryan Garcia provided an overview of various updates and report outs that are typically provided within the materials to the Board of Directors, for example progress to targets for Q1 of FY22.

5. Committee Recommendations and Updates

a. Audit, Compliance, and Governance Committee

i. Revised Governance Documents

- Brian Farnen summarized the changes to the Governance Documents which primarily encompasses adding in the new Environmental Infrastructure scope. There was also a change to the financing of energy efficiency and renewable energy projects based on changes to the statute during the last legislative session.
- Brian Farnen proposed striking the second Resolved statement and striking “Operating Procedures” from the first Resolved statement. The removals from the Resolution are suggested because the Operating Procedures changes will be submitted for Public Comment. If there are no Public Comments, then it would be approved on the Consent Agenda at the next meeting, and if there are material comments then it will be presented for discussion.

Resolution #5

RESOLVED, that the Board of Directors of the Connecticut Green Bank approves the revisions to the Green Bank Resolution of Purpose; Bylaws; Ethics Statement; Ethical Conduct Policy of the Board of Directors; and Ethical Conduct Policy of the Staff; and

Upon a motion made by Matt Ranelli, with the deletion of “Operating Procedures” from the first Resolved clause and the complete deletion of the second Resolved clause, and seconded by Thomas Flynn, the Board of Directors voted to approve Resolution 5. None opposed or abstained. Motion approved unanimously.

ii. Update to Employee Handbook

- Eric Shrago summarized the updates to the handbook, which includes updates to the technology policies, the acknowledgement form, health and safety policies, and the IT Vendor Management policy. He reviewed the IT Vendor Management policy update more thoroughly.

- Brenda Watson asked if the IT vendors are audited by a third-party vendor, and Eric Shrago responded that yes, and that all but one vendor has SOC2 certification. Also, that all vendors are audited by an outside organization.
- Sarah Sanders asked about the addition of student loan payments, and Eric clarified that it was previously approved and only just added to the handbook more recently.

Resolution #6

WHEREAS, pursuant to Section 5.2.1 of the Connecticut Green Bank (Green Bank) Bylaws, the Audit, Compliance, & Governance Committee recommends that the Board of Directors (Board) approve of the above noted revisions to the Green Bank Employee Handbook;

NOW, therefore be it:

RESOLVED, that the Board hereby approves of the revisions to the Green Bank Employee Handbook presented on October 22, 2021.

Upon a motion made by Brenda Watson and seconded by Matt Ranelli, the Board of Directors voted to approve Resolution 6. None opposed or abstained. Motion approved unanimously.

iii. Annual Comprehensive Financial Report

- Matt Ranelli summarized the audit performed by CliftonLarsonAllen (previously known as Blum Shapiro) which is recommended by the ACG Committee to be accepted by the Board.
- Jane Murphy reviewed the annual comprehensive financial report, including the scope, results, financial highlights, and required communications. The audit is performed under both GAAS and GAGAS. Under GAAS, an unmodified opinion is being submitted, and under GAGAS, there were no internal control findings noted and no incidents of noncompliance or other matters which would be required to be reported.
- Overall, the operating revenues increased \$2.2 million year over year, primarily based in increased REC sales, RGGI auction proceeds, and interest income, though there was a decrease in energy system sales. Overall, the operating expenses decreased by \$10.3 million year over year, primarily based in decreases in the provision for loan losses, energy system sales, and general and administrative expenses. There was an increase in program administrative expenses.
 - Sarah Sanders asked for more explanation about the energy system sales and procedures around them. Jane Murphy explained what has affected those changes and the basic process for cash flows from that.
- Jane Murphy summarized the Nonoperating Revenue and Expenses changes, which was almost even with a \$0.1 million increase in Revenue year over year. Overall, the Green Bank's Net Position increased \$12.4 million year over year. This is primarily due to increases in investments in capital assets, the net position restricted for energy programs, and the unrestricted net position as well as a decrease in the nonexpendable restricted net position.
- Jane Murphy explained that an RFP has been submitted to find a new auditor, as this is the sixth year with these auditors and statute requires that the Green Bank change

auditors every 6 years.

- Sarah Sanders asked about clarification in the change in auditors, and Jane Murphy answered that although CliftonLarsonAllen is technically a different company than BlumShapiro, because the team would be the same the spirit of the law does not allow CliftonLarsonAllen to be the auditors next year.
- Matt Ranelli commented that he is pleased to again get a clean audit and expressed his thanks to the staff and auditors.
- Bryan Garcia commented that in the December meeting, there will be a presentation of the non-financial statistics section of the annual report. A third-party company analyzes the data from the metric methodologies and impact results are determined and reported.

Resolution #7

WHEREAS, Article V, Section 5.3.1(ii) of the Connecticut Green Bank (“Green Bank”) Operating Procedures requires the Audit, Compliance, and the Governance Committee (the “Committee”) to meet with the auditors to review the annual audit and formulation of an appropriate report and recommendations to the Board of Directors of the Green Bank (the “Board”) with respect to the approval of the audit report;

WHEREAS, the Committee met on October 12, 2021 and recommends to the Board the approval of the proposed draft Annual Comprehensive Financial Report (ACFR) contingent upon no further adjustments to the financial statements or additional required disclosures which would materially change the financial position of the Green Bank as presented.

NOW, therefore be it:

RESOLVED, that the Board approves of the proposed draft Annual Comprehensive Financial Report (ACFR) contingent upon no further adjustments to the financial statements or additional required disclosures which would materially change the financial position of the Green Bank as presented.

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

iv. Creation of Ad Hoc Advisory Committee

- Brian Farnen explained the reasoning for the proposal of the Ad Hoc Committee which would consist of prior members of the Board of Directors, emeritus industry, policy, energy finance experts, environmental finance experts as nominated by the Chairperson in consultation with the President and CEO and approved by the Board.

Resolution #8

WHEREAS, the Audit, Compliance and Governance Committee recommended to the Board of Directors for approval creation the proposed Ad Hoc Advisory Committee at its October 12, 2021 Committee Meeting.

NOW, therefore be it:

RESOLVED, that the Board of Directors hereby approves creation the proposed Ad Hoc Advisory Committee.

Upon a motion made by Adrienne Houël and seconded by Claire Coleman, the Board of Directors voted to approve Resolution 8. None opposed or abstained. Motion approved unanimously.

v. Board of Director Appointments

6. Incentive Programs Updates and Recommendations

a. Q1 Progress to Target Update

- Sergio Carrillo reviewed the progress to targets for the Incentive Programs which are currently on target except for Battery Storage, which is slated to start in January 2022. He explained how the RSIP/RSIP-E targets were surpassed, which was due to the MW extension, though both programs are fully subscribed. The RSIP team is working with EDCs on the transition to the new Residential Renewable Energy Solutions program.

b. Residential Solar Investment Program Update

- Sergio Carrillo summarized the progress to the Revenue Grade Meters replacements. The progress is a bit slow to start but is going smoothly and should increase soon. There is also an algorithm being developed to estimate the production of the non-communicating meters, which if successful would allow the replacement time to be stretched over a few years while continuing to monetize the RECs. The algorithm should allow production to be estimated within a 0.01% margin of error. As well, the RSIP team is working with ISO New England and NEPOOL GIS to implement the rule changes which would allow RECs to be created with estimated data.
 - Brenda Watson asked about the impact to customers regarding the system change over. Sergio Carrillo responded there should be no negative impact to production as the systems are still producing and the customer is still receiving the energy generated, the monitors just are unable to communicate the systems production data. They will keep recording the production, it just can't be sent to the monitoring platform. As for the replacement itself, the impact may be a bit tricky if the monitor is inside the home, but that is about it.
 - Matt Ranelli asked for clarification as to the reason for the change being related to incentives to homeowners. Sergio Carrillo answered that the homeowners that already received their incentives upfront have little incentive to pay for the meter replacements, but third-party owners, who receive quarterly payments based on production data will be impacted. Moreover, third-party owners are obligated to replace their own systems. Homeowners systems are being replaced by the Green Bank so that the data can continue to be collected.

c. Battery Storage Program Update

- Sergio Carrillo reviewed the background information behind the program then summarized the update which includes that the program guidelines document was recently finalized and submitted to PURA for approval. Next to be developed is the implementation of the program.

- Vicki Hackett asked about the pieces being included in the benefit cost analysis, specifically in the benefit column. Sergio Carrillo responded that it is a complicated group of contributions, but the biggest one is the reduction of peak demand in the state. There are also emissions reductions and avoided capacity in the ISO. Bryan Garcia added that there are five different benefit cost tests which are considered and in PURA's ruling, the RIM was selected as the most important, while the other four (4), including PCT, UCT, TRC, and SCT will also be tracked.
- Brenda Watson asked if PosiGen customers would be prioritized first, and Bryan Garcia responded likely yes because the priority of PURA is to ensure battery storage is accessible and affordable to low income families and those who reside in distressed communities. However, PURA will also allow stand-alone battery storage systems, so through the C&LM Plan, HES-IE customers will be pursued. The Green Bank will focus its efforts to serve low-income and DECD distressed communities, as PURA has prioritized them. Vicki Hackett added that there should be a great opportunity to coordinate with the new Affordable Housing Retrofit Program.
- John Harrity asked about bundling solar, battery, and EV chargers for homes, and if any of the plans include that energy solutions bundle. Bryan Garcia said he believes between the renewable energy tariffs, battery storage incentive programs, and C&LM Plan incentives (e.g., weatherization and beneficial electrification), that we will see bundling to address the key climate change wedges, and that through the Joint Committee these connections can be made.

7. Financing Program Updates and Recommendations

a. Q1 Progress to Target Update

- Bryan Garcia reviewed the progress to targets, in which unfortunately 25% of the targets are not yet reached though the pipeline is strong and staff feels confident in the current progress. C-PACE performance is the largest area of concern, particularly third-party lender activity. The theory is that the C-PACE market continues to move away from smaller project types and more towards larger, new construction projects, even though they are less numerous and take longer to secure. However, the PPA pipeline is strong, primarily from Solar MAP efforts. As for Multifamily programs, efforts are being shifted to the solar PPA with battery storage for affordable housing.
 - John Harrity asked if contractors make money on the C-PACE programs, which they do, and why they aren't pushing the C-PACE projects more. Bert Hunter responded that one possible reason is the change from the ZREC system to the tariff system which may be causing contractors to wait and see how that will affect projects. As well, the energy prices in more recent years have generally been lower than in previous years, which means there is a smaller demand for energy savings, though there may be a surge in energy costs this winter as energy commodity costs get reflected in energy prices.
 - Claire Coleman commented that she was glad to see the extension of the SBEA partnership.

8. Investment Updates and Recommendations

a. Q1 Progress to Target Update

- Bert Hunter reviewed the previously approved transactions for PosiGen, Historic Cargill

Falls, the Green Liberty Bonds, the Green Liberty Notes, and the FCE Groton Project. For PosiGen, they were refinancing with a new banking syndicate, dramatically reducing Green Bank exposure for the lease-backed financing facility. At the closing of the new facility, the draw on the Green Bank's funding for the PBI backed facility is pretty much capped at just shy of \$10 million. For Historic Cargill Falls, the financing is being closed and the hydro work is now underway and should be completed by the end of November. For the Green Liberty Bonds, the issuance of Green Bank green bonds backed by the 5th and 6th tranches of SHRECs is expected in the first quarter of the 2023 calendar year. For the Green Liberty Notes, staff is expecting to begin issuances of \$250,000 in notes every quarter on one-year maturities, beginning in November. For the FCE Groton Project, the project is mechanically complete and will be connected to the grid shortly. However, there is a new Resolution to allow for an extension through the end of the calendar year for the Board's credit approval for Green Bank financing for the project..

Resolution #10

RESOLVED, that the Green Bank Board hereby approves the extension of time for the execution of the Credit Facility related to FuelCell Energy, Inc. ("FCE") to no later than 378 days from the original date of authorization by the Board (i.e., not later than December 31, 2021); and

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

RESOLVED, that the proper Green Bank officers are authorized and empowered to do all other acts and execute and deliver all other documents and instruments as they shall deem necessary and desirable to affect the Term Loan and participation as set forth in the Memorandum.

Upon a motion made by John Harrity and seconded by Vicki Hackett, the Board of Directors voted to approve Resolution 10. None opposed and Matt Ranelli abstained. Motion approved.

9. Environmental Infrastructure Programs Updates and Recommendations

a. Environmental Infrastructure – Comprehensive Plan Process

This was discussed after item 10.

- Bryan Garcia summarized the updates to setting up the newly added Environmental Infrastructure scope. An introductory meeting was held with DEEP, some governance changes have been made today and will continue to be identified, work on the bonding potential is being developed, and a strategic retreat is planned for February 2022 due to COVID-19 precautions. More time is needed to develop the Director of Environmental Infrastructure position, though Sara Harari has been hired as the Associate Director to support the President and CEO to make steady progress on strategic new initiatives. As well, Ashley Stewart has been hired as a consultant for Stakeholder Engagement, progressing by topic. The goal is to have a recommendation ready to be presented in

May-June 2022.

10. Other Business

This was discussed after item 8.

- Bert Hunter summarized the Bonding Potential that's been provided under PA 21-115, which includes bonding maturities that can extend up to 25 years for Clean Energy projects and up to 50 years for bands funding Environmental Infrastructure projects, in both cases based on a project's expected useful life. For SCRF, the Green Bank can now support bond maturities up to 25 years which has increased from 20 years. Issuance Capacity is about \$190 million, subtracting existing bonds issued and about \$30 million for SHREC Tranches 5 & 6, but staff thought it was best to only ask for what was reasonable for the next year or so before asking the legislature for any SCRF limit increases.
- Bert Hunter reviewed the bonding principles which were also explained in the memo sent to the Board. He continued to explain the benefit of receiving better ratings and for longer maturities of bonds as well as some of the best practices from other states, including California's IBANK, Pennsylvania's PENNVEST, and Rhode Island's RIIB. Bob Lamb from Lamont Financial introduced himself and explained his involvement with the Green Bank and its bonding programs.

11. Executive Session

Upon a motion made by John Harrity and seconded by Laura Hoydick, the Board of Directors voted to move to Executive Session to discuss confidential personnel related matters as it relates to officer compensation. None opposed or abstained, and the Board of Directors Meeting entered Executive Session at 11:00 am.

The Board of Directors discussed item 11.a. in Executive Session.

The Board of Directors ended Executive Session and resumed publicly at 11:25 am.

a. Personnel Related Matters – Officer FY21 Performance Review

Resolution #9

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 25, 2021, the Board approved a 4.0% 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 4.0% 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, the minimums and maximums for salary ranges for Grades 18 through 21 shall be inflation-adjusted since 2018 as is standard practice for Grades 11 through 17; and

RESOLVED, that all Officers other than the President and C.E.O. shall receive a 4.0% merit increase for Fiscal Year 2021; and

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

Upon a motion made by Laura Hoydick and seconded by John Harrity, the Board of Directors voted to approve Resolution 9. None opposed and Claire Coleman and Vicki Hackett abstained. Motion approved.

12. Adjourn

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

13. Mandatory Ethics Training

The meeting transitioned into the annual, mandatory Ethics training.

Respectfully submitted,

Lonnie Reed, Chairperson