



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

Friday, December 18, 2020
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 December 18, 2020.

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

Board Members Present: Eric Brown, Binu Chandy, John Harrity, Michael Li, Steve Meier, Matthew Ranelli, Lonnie Reed, Kevin Walsh

Board Members Absent: Thomas Flynn, Brenda Watson

Staff Attending: Alysse Buzzelli, Sergio Carrillo, Mackey Dykes, Brian Farnen, Bryan Garcia, Bert Hunter, Matt Macunas, Jane Murphy, Selya Price, Cheryl Samuels, Eric Shrago, Ariel Schneider, Alex Kovtunencko, Nicholas Zuba, Christina Tsitso

Others present:

1. Call to Order

- Lonnie Reed called the meeting to order at 9:01 am.

2. Public Comments

- No public comments.

3. Consent Agenda

a. Meeting Minutes of October 23, 2020

Resolution #1

Motion to approve the meeting minutes of the Board of Directors for October 23, 2020.

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

b. Job Description – Executive Vice President of Finance and Administration

- Bryan Garcia summarized the promotion of Jane Murphy to Executive Vice President of Finance and Administration.
 - Eric Brown asked if this was a new position and about the status of her current position. Bryan Garcia clarified that it is not a new position, and that there will not be a replacement of her old position, that this was a promotion.
 - Matthew Ranelli and Lonnie Reed complimented Jane and congratulated her.

Resolution #2

Motion to approve the position descriptions for Executive Vice President of Finance and Administration.

Upon a motion made by Matthew Ranelli and seconded by Eric Brown, the Board of Directors voted to approve Resolution 2. None opposed or abstained. Motion approved unanimously.

c. C-PACE Project Re-Approval – Brookfield

- This update is to extend the transaction so that it can be completed. Bryan Garcia also clarified the project was initially above \$500,000, which does not fall under Staff approval, but with time it has dropped in value to under \$400,000. After talking with Staff, it was decided to bring it to the Board just to be sure everything is covered well.
- Mackey Dykes clarified the location and type of project, which is a solar PV system.

Resolution #3

WHEREAS, pursuant to Section 157 of Public Act No. 12-2 of the June 12, 2012 Special Session of the Connecticut General Assembly and as amended (the "Act"), the Connecticut Green Bank (Green Bank) is directed to, amongst other things, establish a commercial sustainable energy program for Connecticut, known as Commercial Property Assessed Clean Energy ("C-PACE");

WHEREAS, the Green Bank Board of Directors (the "Board") has approved a \$40,000,000 C-PACE construction and term loan program;

WHEREAS, the Green Bank seeks to provide a \$393,337 construction and (potentially) term loan under the C-PACE program to 1106 Federal Road, LLC., the building owner of 1106 Federal Road, Brookfield, Connecticut (the "Loan"), to finance the construction of specified clean energy measures in line with the State's Comprehensive Energy Strategy and the Green Bank's Strategic Plan.

NOW, therefore be it:

RESOLVED, that the President of the Green Bank and any other duly authorized officer of the Green Bank is authorized to execute and deliver the Loan in an amount not to be greater than one hundred ten percent of the Loan amount with terms and conditions consistent with the memorandum submitted to the Committee dated December 15, 2019, and as he or she shall

deem to be in the interests of the Green Bank and the ratepayers no later than 120 days from the date of authorization by the Board of Directors;

RESOLVED, that before executing the Loan, the President of the Green Bank and any other duly authorized officer of the Green Bank shall receive confirmation that the C-PACE transaction meets the statutory obligations of the Act, including but not limited to the savings to investment ratio and lender consent requirements; and

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

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

- Bryan Garcia asked if there were any further thoughts from the Board on approvals or process changes due to the project value reduction. John Harrity commented that since the cost was going down, the Staff should be able to approve it. Matthew Ranelli, Secretary of the Board also agreed that even though it was previously approved at a higher value by the Board, it makes sense it would be re-approved at the staff level pursuant to the approved staff authorization policy if the project now falls under \$500,000 in value so long as there were no substantial changes or defects in the project. Bryan Garcia stated he and staff would review whether any revision in the “Under \$500,000 and No More in Aggregate than \$1,000,000” staff approval procedures are necessary to clarify these changes to present to the Board at a later meeting. Brian Farnen also commented that in general, staff try to be overly cautious about bringing matters to the Board in these types of situations.

4. Investment Updates and Recommendations

a. Inclusive Prosperity Capital – Working Line of Credit

- Bert Hunter summarized IPC’s history, establishment, relationship to the Green Bank, and then highlighted that there is a revolving line of credit that was initiated for start-up costs and that these costs – as explained in the memorandum to the Board – far exceeded \$150,000 (actually more than \$1 million). He then explained the revised terms for the revolving line of credit, increasing it from \$150,000 to \$1,000,000, which falls in line with their higher start-up expenses, growth, and would allow them to access additional resources. Advances under the revolving line of credit would be repaid from cash flow from operations with the ability to re-advance. The details and limitations of the revolving line of credit were then reviewed including security for the facility being the fees paid by the Green Bank to IPC for services under various professional services agreements (PSAs) and that the availability under the facility would decrease over time as the remaining amounts of fees decreased in the future.
 - Kevin Walsh asked for clarification about increasing the amount, how the Green Bank expects to be fully repaid as it is a drastic increase. He asked for more clarification in terms of repayment coverage. Bert Hunter clarified that IPC has been building their portfolio of investments and are attracting new capital often, and so the new forms of repayment are from three sources: (1) refinancings from other lines of credit financing those investments, (2) cash flow from operations

(including returns from these portfolio investments) and (3) the security from the fees payable by the Green Bank under the PSAs. Previously IPC have been using their working capital to fund these investments, but the proceeds from new lines of credit, such as from the New York Green Bank, should be able to fund many of these investments going forward. Bert Hunter also clarified that the Green Bank has established security for the revolving line of credit (the PSA fees) in the case of late repayment as well, and IPC has been performing well with the PSAs that are in place.

- Kevin Walsh asked about any established criteria regarding the revolving-style line of credit to demonstrate that IPC has the means to repay it at that time. Bert Hunter stated staff has not worked out the specifics yet but listed several attributes that will be monitored by the Green Bank before distributing funds. Bert Hunter also reassured Kevin Walsh that he is also on the Board of Directors for IPC, so he would be aware of any major changes or projects IPC is considering. Kevin Walsh stated he just wanted to be sure that IPC could not simply draw on the credit without certain criteria in place and Bert Hunter noted the concern and confirmed that there would be an acceptable criteria drafted in the loan documentation.
- John Harrity commented that IPC's establishment and success has become vital to the Green Bank and believes the increase is important, clarifying that it was not a remark against Kevin Walsh's concerns. Kevin Walsh also confirmed that his comments were not directed at IPC's performance, but in the interest of confirming that any advances to IPC be done prudently since this would be a meaningful increase in the line of credit. Lonnie Reed added that Kevin Walsh's concerns are valid and appreciated.
- Matthew Ranelli asked if there could be a more detailed briefing as to IPC's projects and progress since their establishment, as many are not as close to them as Bert Hunter. Bryan Garcia further clarified IPC's progress and work but agreed that a look-back with IPC would be beneficial. Bert Hunter commented that IPC does regularly report in at the Green Bank senior staff meetings as part of their PSAs, which keeps all senior staff informed and communication open.
- Binu Chandy asked about clarification about the step-down availability. Bert Hunter stated that as of 12/31/2022 IPC would not be allowed to have more than \$850,000 outstanding, with further decreases each quarter until any loans outstanding to IPC are fully repaid by 6/30/2024.

Resolution #4

WHEREAS, the Connecticut Green Bank ("Green Bank") has an existing partnership with Inclusive Prosperity Capital, Inc. ("IPC") to lessen the burden of government, and to protect, promote and preserve the environment by, among other things, furthering the purpose of the Green Bank as described in Connecticut General Statute Section 16-245n(d)(1)(B);

WHEREAS, on June 13, 2018, the Green Bank Board of Directors ("Board") approved a Memorandum of Understanding ("MOU") governing the Green Bank's partnership with IPC as part of Green Bank's long-term sustainability plan;

WHEREAS, the MOU included a Revolving Line of Credit ("RLC") intended to support IPC startup and operational costs for an amount not to exceed \$150,000 outstanding and with a maturity date of June 30, 2021;

WHEREAS, since August 2020, IPC has drawn on and kept outstanding \$150k of the original RLC, and has remained current and in good-standing on all repayments associated therewith;

WHEREAS, IPC is seeking to expand and extend the maturity date of the RLC up to \$1,000,000 outstanding and with a maturity date of June 30, 2024 (the “Amended Maturity Date”) to facilitate smoothing out continued expenditures associated operations and growth, as more fully explained in a memorandum to the Board dated December 18, 2020 (the “Board Memo”);

WHEREAS, staff of the Green Bank, having fully considered the proposed uses by IPC for the RLC facility and the sources and likelihood for repayment of the RLC facility not later than the Amended Maturity Date, recommend the expanded and extended RLC to the Board for approval, as more fully explained in the Board Memorandum;

NOW, therefore be it:

RESOLVED, that the Board approves of the expanded and extended RLC for up to \$1,000,000 outstanding and with a maturity date of June 30, 2024 consistent with the Board Memo and recommendations by the Board for inclusion of criteria for borrowing under the RLC as discussed during the meeting of the Board on December 18, 2020;

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

Upon a motion made by Kevin Walsh, with inclusion of criteria as discussed, and seconded by Matthew Ranelli, the Board of Directors voted to approve Resolution 4. None opposed or abstained. Motion approved unanimously.

b. FuelCell Energy – Groton Project

- Bert Hunter explained the history behind the U.S. Navy Submarine Base at New London and then summarized the overview of the FuelCell Energy Groton Project, then explained that when the nuclear submarines dock at the submarine base, there is a huge draw on the energy grid in New London and Groton. To enable the subbase to be better prepared for any potential utility grid outages, the FuelCell Energy project was developed in partnership with the U.S. Navy and the Connecticut Municipal Electric Energy Cooperative (CMEEC). The project costs, cashflows, and other specifications were then explained as well as the project and loan structure and the Green Bank’s position as a subordinate lender.
- Bert Hunter explained the risk mitigation measures that have been taken for this project, including the Green Bank’s subordinated position. He stated that interest has been secured in all project assets, collateral has been assigned for all project cashflows (PPA and RECs), reviewed the debt service coverage ratio, and the other mitigation efforts.
- Bert Hunter reviewed the upcoming project milestones leading to the closing of senior and subordinated debt in mid-late February 2021. He also noted that FuelCell Energy had a substantial equity raise managed by JP Morgan which enabled FCE to entirely retire their funding from Orion Energy Partners raised in the previous year. This was critical to sustaining project development for FuelCell Energy, and beneficially the stock

price for FuelCell Energy has recovered substantially. As a result, FCE is sitting on a large sum of unrestricted cash to help deal with the massive project pipeline they are developing, so the project is very secure. He further explained FuelCell Energy's financial position.

- Matthew Ranelli recused himself as he is representing some of the parties within the project.
- Kevin Walsh asked about the senior lender's decrease in the project. Bert Hunter stated that this was related to Liberty Bank not wanting to have funding outstanding after the date of the first restack of the fuel cell modules after 7 years.
- Kevin Walsh asked about the pricing for electricity. Bert Hunter stated it is fixed at \$0.05 with an escalator, though the fuel is a pass-through.
- Kevin Walsh asked if there was an arrangement so the cost of the restack is fixed and Bert Hunter said there will be.
- Eric Brown asked about the relationship between the Groton Public Utilities and CMEEC and the offload of energy or possible economic disruption that this project may instill. For example, if Groton Public Utilities has this base as a customer now, could the shift to CMEEC cause Groton Public Utilities to lose customer income. Bert Hunter explained that the subbase currently gets its power from Groton Public Utilities (GPU) which is under the umbrella of CMEEC organization and that the subbase will continue to get the power from GPU/CMEEC after the fuel cell project starts commercial operations. The power purchase agreements (PPA) is between the FuelCell Energy project company and GPC/CMEEC, thus they are not losing a customer.
- Eric Brown asked where the project is in the permitting process in terms of its resiliency due to storms, etc. Bert Hunter stated there is an sloping rise from the Thames river to the site of the project, so it is not subject to any sea-level rise or concern. As far as the permitting process is concerned, there are none outstanding that are required for the fuelcell portion of the project, though there may be some necessary for the microgrid (which will commence construction after the fuel cell commences operations). However, the fact that the microgrid is not complete will not affect the ability of the fuel cell project to derive revenue from GPU/CMEEC. Permitting requirements for the microgrid are being addressed by the submarine base and Groton Public Utilities.
- Eric Brown asked for clarification regarding the lack of natural gas risk, asking if the infrastructure and volumetric capacity is already in place. Bert Hunter stated that it is already set but cannot speak specifically about what source this may be displacing. To his knowledge, Bert Hunter stated he is not aware of a local provider of energy for GPU/CMEEC, and thus the fuel cell is not displacing any other power generator on the gas service line. However, Bert Hunter continued to note that the fuel cell project is displacing some power being acquired by CMEEC from various services within the New England Independent Service Operator network, though he does not know the specifics.
- Lonnie Reed noted that it is nice to see CMEEC's new rating of AA- after their previous issues. Bert Hunter also commented that they have a new CEO as of January 2020.
- Michael Li asked about the characterization of the Green Bank's funds rate. Bert Hunter explained the position further – that the rate the Green Bank is lending to the project is not concessional or subsidized and stated the Green Bank is comfortable in a subordinated position with the interest rate pricing agreed.
- John Harray commented that this project seems in support of a pledge from the

- state of Connecticut to save the submarine base and it is great to see it finally happening.
- Binu Chandy also abstained from the vote as DECD is a lender to FCE.

Resolution #5

WHEREAS, in accordance with (1) the statutory mandate of the Connecticut Green Bank (“Green Bank”) to foster the growth, development, and deployment of clean energy sources that serve end-use customers in the State of Connecticut, (2) the State’s Comprehensive Energy Strategy (“CES”) and Integrated Resources Plan (“IRP”), and (3) Green Bank’s Comprehensive Plan (the “Comprehensive Plan”) in reference to the CES and IRP, Green Bank continuously aims to develop financing tools to further drive private capital investment into clean energy projects;

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

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

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

WHEREAS, Green Bank staff recommends that the Green Bank Board of Directors (“Board”) approve of the Credit Facility, in an amount not to exceed \$8,000,000;

WHEREAS, Green Bank staff recommends that the Green Bank Board of Directors (“Board”) approve of a participation by Inclusive Prosperity Capital, Incorporated (“IPC”) in the Credit Facility, in an amount not to exceed \$3,000,000;

NOW, therefore be it:

RESOLVED, that the Green Bank Board of Directors (the “Board”) hereby approves the Credit Facility in an amount not to exceed \$8,000,000 for the Navy Project, as a strategic selection and award pursuant to Green Bank Operating Procedures Section XII; and

RESOLVED, that the Board hereby approves of a participation by IPC in the Credit Facility, in an amount not to exceed \$3,000,000;

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, and as he or she shall deem to be in the interests of the Green Bank and the ratepayers no later than 180 days from the date of authorization by the Board of Directors; and

RESOLVED, that the proper Green Bank officers are authorized and empowered to do all other acts and execute and deliver all other documents and instruments as they shall deem necessary and desirable to affect the above-mentioned Term Loan.

Upon a motion made by John Harrity and seconded by Michael Li, the Board of Directors voted to approve Resolution 5. None oppose, but Matthew Ranelli and Binu Chandy abstained. Motion approved.

Kevin Walsh had to leave the meeting after the vote on Resolution 5.

5. Financing Programs Updates and Recommendations

a. Lead by Example – Update

b. Solar MAP – Update

- Mackey Dykes gave an update to the success of the Solar MAP program which has been renamed and remarketed as the Marketplace Assistance Program. He then reviewed the program guidelines and objectives. He stated the Green Bank is on track to for 3.5 MWs of municipal projects in Round 1 goal and the goal was 1 MW. Many have stated that their projects would not have been possible without the Solar MAP program. PPAs are expected to be executed by early January 2021.
- Mackey Dykes stated Round 2 outreach has begun and 15 projects are currently being considered. He quickly summarized the total projects size and estimated savings cost to the state.
 - Matthew Ranelli complimented the Lead by Example program and asked for Solar MAP, if an incentive for single-use panels could be considered for gathering energy late in the day. Mackey Dykes agreed to look at it for future projects.

6. Incentive Programs Updates and Recommendations

a. Regulatory Updates

i. Docket No. 17-12-03REG09 – Small ZREC

ii. Docket No. 20-07-01 – Renewable Energy Tariff

- Sergio Carrillo summarized Docket No. 20-07-01 and its objectives which is expected to be effective January 1, 2022. He also discussed the Green Bank's involvement with PURA in the development of the renewable tariffs and docket. PURA draft decision in this docket is due on December 23, 2020. Bryan Garcia highlighted the transition from net metering to a tariff-based format.

7. Other Business

a. Other Business

- Bryan Garcia noted that the Board packet included a draft of the 2020 Annual Report

which focuses on a build back better confronting climate change theme in the face of COVID-19.

- Bryan Garcia highlighted the release of the Clean Energy Industry Report for 2020.
- Bert Hunter commented on the success of the Green Liberty Bonds and its recognition by The Bond Buyer for the Innovative Bond of the Year award as well as nomination for the Deal of the Year award. Lonnie Reed complimented Bert Hunter on his presentation during the award ceremony, though the Green Bank did not win Deal of the Year.
- Matthew Ranelli complimented the Green Bank staff, current and prior, for their efforts and continued impact. He noted that former Board Member Gina McCarthy was nominated as the Climate Czar for President Biden and acknowledged her service to the State of Connecticut.

8. Adjourn

Upon a motion made by Eric Brown and seconded by John Harranty, the Board of Directors Meeting adjourned at 10:43 am.

Respectfully submitted,

Lonnie Reed, Chairperson