



**DEPLOYMENT COMMITTEE OF THE
CONNECTICUT GREEN BANK**
Regular Meeting Minutes

Wednesday, February 23, 2022
2:00 p.m. – 3:00 p.m.

A regular meeting of the Deployment Committee of the **Connecticut Green Bank (the “Green Bank”)** was held on February 23, 2022.

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

Committee Members Present: Dominick Grant, Matt Ranelli, Lonnie Reed, Sarah Sanders

Committee Members Absent: Binu Chandy (DECD), Victoria Hackett (DEEP)

Staff Attending: Sergio Carrillo, Shawne Cartelli, Bryan Garcia, Bert Hunter, Alexei Kovtunenکو, Cheryl Lumpkin, Jane Murphy, Ariel Schneider, Eric Shrago, Dan Smith

Others present: Joe Buonannata from IPC, Giulia Bambara, Claire Sickinger as a proxy for Victoria Hackett

1. Call to Order

- Bryan Garcia called the meeting to order at 2:02 pm.

2. Public Comments

- No public comments.

3. Consent Agenda

Resolution #1

Motion to approve the minutes of the Deployment Committee meeting for November 17, 2021.

Upon a motion made by Lonnie Reed and seconded by Dominick Grant, the Deployment Committee voted to approve Resolution 1. None opposed or abstained. Motion approved unanimously.

4. Incentive Programs Updates and Recommendations

- a. Smart-E Loan – ARRA Restructuring from Loan Loss Reserves to Interest Rate Buydowns**

Subject to Changes and Deletions

- Joe Buonannata from IPC summarized the Smart-E Loan program and history including who is eligible to finance, how much can be borrowed, the rates and terms, and the process to onboard contractors.
- Bert Hunter reviewed the request to change which programs the ARRA-SEP funds support. Currently they allocate to a loan loss reserve and programs which no longer need them, and he reviewed the changes to which funds would be allocated to various programs.
 - Matthew Ranelli asked when the ARRA funds are transferred if the funds will be considered to be used in full to end the reporting requirements. Bert Hunter answered that for the reporting requirements, they keep going until all the money is expended. He stated this is actually a benefit to direct the funds away from loan loss reserves to the interest rate buydowns since the Green Bank knows the funds will be used for the buydowns. Matt Ranelli also asked if the ARRA funds had restrictions attached, and if so if those restrictions will be an issue. Mr. Garcia responded that as far as Davis Bacon and NEPA are concerned, there is a categorical waiver for residential properties. To another question, Bert Hunter clarified that the \$300,000 comes from the balance sheet. Matt Ranelli asked if there was anything in particular that the auditors would look at when they look at this transfer. Bert Hunter answered no and that most of the time they would not stop to examine this more closely. However, if they did, it may be just to review Board approvals to do so, which is the reason to be very explicit concerning the proposal for approval to move the funds from program to program and for specific purposes (such as interest rate buydowns).
 - Bryan Garcia added that for the Board Meeting, all the info will be summarized and should show that as a result of the ARRA-SEP funds, the Green Bank will have mobilized over \$160 million in private investment into residential clean energy, thereby strengthening the Green Bank's ability to compete for federal resources.

Resolution #2

WHEREAS, at a Special Meeting of the Connecticut Green Bank's ("Green Bank") Deployment Committee ("the Deployment Committee") held on November 30, 2012, the Deployment Committee passed resolutions to approve the Smart-E Loan Program (originally called the "CT HELPs Program");

WHEREAS, in February of 2013, the Connecticut Department of Energy and Environmental Protection released the Comprehensive Energy Strategy ("CES") for Connecticut that includes developing financing programs that leverage private capital to make clean energy investments more affordable, including the pilot Smart-E Loan residential financing program;

WHEREAS, in May of 2013, the Green Bank launched the Smart-E Loan program, operating statewide, with nine local lenders providing low cost and long-term financing for measures that are consistent with the state energy policy and the implementation of the CES;

WHEREAS, in October of 2013, the Green Bank's Board of Directors ("Board") approved full use of \$8,361,620 of American Recovery and Reinvestment Act State Energy Program ("ARRA-SEP") funds across a mix of Loan Loss Reserves, Interest Rate Buydowns, and Third Party Insurance Products – credit enhancements for the Green Bank's newly developed residential financing products;

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WHEREAS, in February of 2017, the Deployment Committee recommended approval of the Green Bank's request to repurpose ARRA-SEP funds across loan loss reserves and interest rate buydowns ("Credit Enhancements") for the Green Bank's Cozy Home Loans, Smart-E Loans, CT Solar Lease, CT Solar Loan, and LIME Loan programs (the "Programs") in amounts materially consistent with the Memorandum presented to the Deployment Committee dated February 21, 2017;

WHEREAS, in February of 2017, the Deployment Committee recommended approval of replacing ARRA-SEP funds with Green Bank balance sheet funds for certain program Loan Loss Reserves in amounts materially consistent with the Memorandum presented to the Deployment Committee dated February 21, 2017;

WHEREAS, staff request that \$300,000 of the \$600,000 in ARRA-SEP funds currently allocated to loan loss reserves be repurposed with Green Bank balance sheet funds and that ARRA-SEP funds be reallocated to Smart-E loan loss reserves and for future interest rate buydowns, as more fully explained in the memorandum to the Deployment Committee dated February 18, 2022.

NOW, therefore be it:

RESOLVED, that the Deployment Committee recommends approval of payment of approximately \$164,927.82 in ARRA-SEP funds to Smart-E lenders for loan losses.

RESOLVED, that the Deployment Committee recommends approval of repurposing \$300,000 in ARRA-SEP funds currently allocated to the LIME Loan program's loan loss reserves with Green Bank funds.

RESOLVED, that the Deployment Committee recommends reallocating ARRA-SEP funds from various programs to the Smart-E Loan program to be deployed and expended through loan loss reserves and interest rate buydowns that support the state's clean energy policy, as more fully explained in the memorandum to the Deployment Committee dated February 18, 2022.

Upon a motion made by Matthew Ranelli and seconded by Lonnie Reed, the Deployment Committee voted to approve Resolution 2. None opposed or abstained. Motion approved unanimously.

b. Smart-E Loan – Expansion to include Environmental Infrastructure Measures

- Bert Hunter summarized the proposal to expand the Smart-E Loan program underwriting term sheet to include environmental infrastructure measures to the list of eligible improvements. As well, there is a proposal to increase the maximum loan amount from \$45,000 to \$75,000 to compensate for additional needs that homeowners may have and to help cover the electric storage program funding. With incentives, homeowners may be more capable of completing energy storage projects, so a higher loan amount would be helpful. Additionally, the threshold for loans that require additional approvals from Green Bank staff would be increased from \$40,000 to \$50,000.
- Joe Buonannata reviewed the structure of the program if environmental infrastructure is approved to be included. He noted that no ratepayer funds or ARRA funds will be used for environmental infrastructure, so for a project that includes both, there would be two loans so keep them separate.

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- Sarah Sanders asked what kinds of projects qualify for environmental infrastructure. Bryan Garcia answered that for resiliency, raising a home could be considered though more research is needed, but also basement issues such as sealing it from floods, well-water and pipe testing could also be considered. The plan is to start with resiliency and climate adaptation and then expand from there.
- Sarah Sanders asked if crumbling foundations would qualify. Bryan Garcia answered that environmental markets is included in the EI definition, though it hasn't been thoroughly researched yet. Crumbling foundations may fit in broadly. Bert Hunter noted that it may be included from a water incursion issue. Sarah Sanders commented that there is a program already in existence through CHFA, but she was just curious, and Lonnie Reed added that given all the things involved in that sort of project it may be best to avoid it since a program already exists.
- Lonnie Reed commented that field trips for legislators to various programs and sites may be helpful. Bryan Garcia agreed and made note of the idea.
- Matt Ranelli asked for more clarification about the transition to include environmental infrastructure as it affects the limits of how these loans could be used. Bert Hunter answered that it will be a bit of a process to make sure that contractors don't go overboard with what is eligible for funding, but it does seem manageable. Matt Ranelli asked about the process to determine what will or won't be covered, and Bert Hunter answered that work will be done internally first and then externally to determine which stakeholders it affects. Bryan Garcia added that the recommendation of up to \$75,000 was based on solar with battery storage or solar with ground-source heat pumps, which is information that the Green Bank is familiar with. There will a range of cost for the measures that are better understood as projects are proposed and evaluated, and for a while, large infrastructure projects will raise some flags but as those projects are found, guidance from the Deployment Committee and other sources will be sought out. Matt Ranelli expressed his concern with the process of how the program will be determined and built.
- Dominick Grant asked how the rollout for the program is being imagined. Bryan Garcia answered with an overall timeline of how the program will be built. Matt Ranelli commented that he would be more comfortable with a gradual rollout. Bryan Garcia added that he will add a rollout timeline for the segments at the next Board Meeting and certain amendments to the proposed resolutions were agreed by the Committee (the resolutions approved being inclusive of these amendments).

Resolution #3

WHEREAS, at a Special Meeting of the Connecticut Green Bank's (Green Bank) Deployment Committee ("the Deployment Committee") held on November 30, 2012, the Deployment Committee passed resolutions to approve the Smart-E Loan Program (originally called the "CT HELPs Program");

WHEREAS, in February of 2013, the Connecticut Department of Energy and Environmental Protection released the Comprehensive Energy Strategy ("CES") for Connecticut that includes developing financing programs that leverage private capital to make clean energy investments more affordable, including the pilot Smart-E Loan residential financing program;

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WHEREAS, in May of 2013, Green Bank launched the Smart-E Loan program, currently operating statewide, with nine local lenders providing low cost and long-term financing for measures that are consistent with the state energy policy and the implementation of the CES;

WHEREAS, in March of 2014, the Deployment Committee approved revisions to the Smart-E lender term sheet regarding program loan amounts and loan duration, and certain incremental program upgrades from Smart-E's first 15 months;

WHEREAS, in October of 2015 and January 2017, the Board of Directors (Board) approved an alternate underwriting term sheet which expanded the Smart-E Loan applicant pool beyond the standard underwriting criteria, so as to include credit-challenged borrowers;

WHEREAS, program staff request that the term sheet be further enhanced to allow for the addition of environmental infrastructure measures to the list of "eligible improvements" and to increase the maximum loan amount from \$45,000 to \$75,000 to accommodate larger projects and to raise the Green Bank approval threshold from \$40,000 to \$50,000 as more fully explained in a memorandum to the Board dated February 16, 2022.

NOW, therefore be it:

RESOLVED, that the Deployment Committee approves amending the Smart-E "eligible improvements" category to include residential "environmental infrastructure" improvements as defined in Public Act 21-115; and

RESOLVED, that the Deployment Committee approves amending the Smart-E maximum loan amount from \$45,000 to \$75,000 and raising the Green Bank approval threshold from \$40,000 to \$50,000 as it applies to clean energy projects.

RESOLVED, that the staff will come back to the Deployment Committee in the future with recommendations for "environmental infrastructure" measures by segment (e.g., water, waste and recycling, etc.) to be supported through the Smart-E program.

Upon a motion made by Matthew Ranelli and seconded by Lonnie Reed, the Deployment Committee voted to approve Resolution 3 as amended. None opposed or abstained. Motion approved unanimously.

5. Other Business

- None

6. Adjourn

Upon a motion made by Lonnie Reed and seconded by Matthew Ranelli, the Deployment Committee Meeting adjourned at 2:59 pm.

Respectfully submitted,

Subject to Changes and Deletions

Victoria Hackett, Vice Chairperson

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