



**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 many 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