



Deployment Committee

Meeting Date

February 24, 2021



Deployment Committee

Lonnie Reed

Board Chair

Binu Chandy

Deputy Director

DECD

Michael Li

Connecticut Department of Energy and
Environmental Protection (DEEP)

**Shawn Wooden – Designee, Steven
Meier**

Treasurer

State of Connecticut

Matthew Ranelli

Partner

Shipman & Goodwin

845 Brook Street, Rocky Hill, CT 06067
T 860.563.0015
ctgreenbank.com



February 17, 2021

Dear Connecticut Green Bank Deployment Committee:

We have a meeting of the Deployment Committee scheduled on Wednesday, February 24, 2021 from 2:00 to 3:00 p.m.

Please take note that this will be an online meeting only! Given the need to continue to maintain “social distancing” in the face of COVID-19, we are holding this meeting online only.

On the agenda we have the following items:

- **Consent Agenda** – approval of the meeting minutes for the special meeting held on December 11, 2020 and report-out for the “Under \$500,000 and No More than \$1,000,000” staff transaction approvals;
- **Incentive Business Recommendation and Update** – recommendation to approve a special offer for the Smart-E Loan interest rate buydown, and an update on Docket No. 20-07-01 (Residential Solar Tariffs); and
- **Investment Update** – an update on Docket No. 19-07-01 (Shared Clean Energy Facilities), and a recommendation to approve restructuring loans associated with C-PACE and secured PPAs.

If you have any questions, comments or concerns, please feel free to contact me at any time. Looking forward to being with you all online next week.

Sincerely,

A handwritten signature in blue ink, appearing to read "Bryan Garcia", with a long horizontal flourish extending to the right.

Bryan Garcia
President and CEO



AGENDA

Deployment Committee of the
Connecticut Green Bank
845 Brook Street
Rocky Hill, CT 06067

Wednesday, February 24, 2021
2:00-3:00 p.m.

Dial (872) 240-3412
Access Code: 135-433-061

Staff Invited: Sergio Carrillo, Mackey Dykes, Brian Farnen, Bryan Garcia, Bert Hunter, Jane Murphy, Selya Price, and Eric Shrago

1. Call to order
2. Public Comments – 5 minutes
3. Consent Agenda – 5 minutes
4. Incentive Business Updates and Recommendation – 35 minutes
 - a. Smart-E Loan – Interest Rate Buydown Special Offer
 - b. Residential Solar Tariff (Update)
5. Investments Updates and Recommendations – 15 minutes
 - a. Shared Clean Energy Facilities (Update) – 10 minutes
 - b. Restructuring Loans associated with C-PACE secured PPAs – 5 minutes
6. Adjourn

Join the meeting online at <https://global.gotomeeting.com/join/135433061>

Or call in using your telephone:
Dial (872) 240-3412
Access Code: 135-433-061

***Next Regular Meeting: Wednesday, May 26, 2021 from 2:00-3:00 p.m.
Colonel Albert Pope Board Room at the
Connecticut Green Bank, 75 Charter Oak Avenue, Hartford***



RESOLUTIONS

Deployment Committee of the
Connecticut Green Bank
845 Brook Street
Rocky Hill, CT 06067

Wednesday, February 24, 2021
2:00-3:00 p.m.

Dial (872) 240-3412
Access Code: 135-433-061

Staff Invited: Sergio Carrillo, Mackey Dykes, Brian Farnen, Bryan Garcia, Bert Hunter, Jane Murphy, Selya Price, and Eric Shrago

1. Call to order
2. Public Comments – 5 minutes
3. Consent Agenda – 5 minutes

Resolution #1

Motion to approve the meeting minutes of the Deployment Committee for December 11, 2020

4. Incentive Business Updates and Recommendation – 35 minutes
 - a. Smart-E Loan – Interest Rate Buydown Special Offer

Resolution #2

WHEREAS, in July of 2011, the Connecticut General Assembly passed Public Act 11-80, “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 in residential projects per the definition of clean energy in CGS Section 16-245n(a);

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

WHEREAS, on February 27, 2017, the Green Bank Deployment Committee (the “Deployment Committee”) approved an allocation of \$7,564,227 in American Recovery and Reinvestment Act State Energy Program (“ARRA-SEP”) funds for Smart-E Loans, which have been used for Interest Rate Buydown (“IRB”) promotions, including a 2.99% rate special financing launched on July 1, 2020;

NOW, therefore be it:

RESOLVED, that the Deployment Committee approves the adjustment of the Smart-E Loan Spring Special Offer using the balance of approximately \$1.3M ARRA-SEP funds allocated for Smart-E Loans consistent with the memorandum submitted to the Deployment Committee dated February 17, 2021.

- b. Residential Solar Tariff (Update)
5. Investments Updates and Recommendations – 20 minutes
- a. Shared Clean Energy Facilities (Update) – 15 minutes
 - b. Restructuring Loans associated with C-PACE secured PPAs – 5 minutes

Resolution #3

WHEREAS, on June 26, 2020, the Green Bank Board of Directors (“Board”) approved the Loan Loss Decision Framework and Process for Subsidiaries, set forth in that certain memo to the Board dated June 26, 2020, which established the process of dealing with COVID-related restructurings for assets on Green Bank’s balance sheet; and

WHEREAS, Green Bank staff seeks Board approval to restructure loans from CEFIA Holdings LLC associated with Commercial Property Assessed Clean Energy (“C-PACE”) secured Power Purchase Agreements with Inclusive Prosperity Capital Inc. in a principal amount outstanding that is approximately \$650,000 (“C-PACE PPA Loans”) as described in that certain memorandum submitted to the Deployment Committee dated February 24, 2021 (the “Memo”).

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 any amendment, restatement or modification of C-PACE PPA Loans, with terms and conditions consistent with the Memo, 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 this Board meeting; 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 legal instruments.

6. Adjourn

Join the meeting online at <https://global.gotomeeting.com/join/135433061>

Or call in using your telephone:

Dial (872) 240-3412
Access Code: 135-433-061

***Next Regular Meeting: Wednesday, May 26, 2021 from 2:00-3:00 p.m.
Colonel Albert Pope Board Room at the
Connecticut Green Bank, 75 Charter Oak Avenue, Hartford***

ANNOUNCEMENTS

- **Mute Microphone** – in order to prevent background noise that disturbs the meeting, if you aren't talking, please mute your microphone or phone.
- **Chat Box** – if you aren't being heard, please use the chat box to raise your hand and ask a question.
- **Recording Meeting** – per Executive Order 7B (i.e., suspension of in-person open meeting requirements), we need to record and post this board meeting.
- **State Your Name** – for those talking, please state your name for the record.



CONNECTICUT
GREEN BANKSM

Deployment Committee Meeting

February 24, 2021

Deployment Committee

Agenda Item #1

Call to Order

Deployment Committee

Agenda Item #2

Public Comments

Deployment Committee

Agenda Item #3

Consent Agenda

Consent Agenda

Resolution 1



1. **Meeting Minutes** – approval of meeting minutes of December 11, 2020
 - **“Under \$500,000 and No More in Aggregate than \$1,000,000”** – staff approved two (2) C-PACE transactions (i.e., Killingsworth and Cheshire) totaling \$304,000

Deployment Committee

Agenda Item #4a

Incentive Business Updates and Recommendations

Smart-E Loan

Interest Rate Buydown Special Offer

Smart-E Loan 2.99% Special Offer

Residential Energy Financing



- Launch: July 1, 2020
- **Budget:** \$1.5M ARRA-SEP
- **Loan Terms (Standard Rates):**
 - 5 Years – 4.49%
 - 7 Years – 4.99%
 - 10 Years – 5.99%
- **Special Offer Rate:** 2.99%
- **Estimated IRB / Loan:**
\$1,000 – \$2,000
- **Estimated Loan Count:**
500-1,000

Qualifying technologies to support Connecticut's climate change mitigation wedges:

- **Decarbonizing Buildings**
 - Heat Pump Technology
- **Decarbonizing Electricity Generation**
 - Battery Storage Systems
- **Decarbonizing Transportation**
 - EV Recharging Equipment

Results (as of 02/17/21):

- 118 closed loans (as of 02/17/21)
- 95% heat pumps, 5% battery storage, no EVSE
- \$185,573 IRB budget expended (12.4%)
- \$16,812 average close loan
- \$1,600 average IRB

Proposed Smart-E Loan Spring Special Offer

Residential Energy Financing



- **Target Launch:** March 15, 2021
- **Budget:** \$1.3M ARRA-SEP
- **Loan Terms:** 5, 7 and 10 years
- **Special Offer Rate: 1.99%**
 - **0%** for 80% AMI
 - **0%** for homeowners approved through state/utility crumbling foundation program
- **Estimated IRB / Loan:**
\$3,000 – \$5,000
- **Estimated Loan Count:**
250-750

Qualifying technologies:

- Home Performance
 - Insulation + HES
 - Windows + HES
- High Efficiency HVAC
 - ASHP + HES
 - GSHP + Data Monitors + HES
 - Boilers, furnaces, AC
- EVSE
- *Health & Safety – pending DOE approval*

Standard (Blended Loans):

- Solar

Smart-E Loan Resolution #2



NOW, therefore be it:

RESOLVED, that the Deployment Committee approves the adjustment of the Smart-E Loan Spring Special Offer using the balance of approximately \$1.3M ARRA-SEP funds allocated for Smart-E Loans consistent with the memorandum submitted to the Deployment Committee dated February 17, 2021.

Deployment Committee

Agenda Item #4b

Incentive Business Updates and Recommendations

Residential Solar Tariff

(Docket No. 20-07-01)

Docket No. 20-07-01

Renewable Energy Tariffs



- Buy-All and Monthly Netting Tariffs
- Key Decisions from Green Bank Perspective
 1. Low Income (i.e., \$0.0250/kWh) or “Distressed Communities” (i.e., \$0.0125/kWh) adders
 2. HES Requirement
 3. Direct Payment (i.e., allowing Green Bank to support LMI market with financing)
 4. Rate of Return of 10% (i.e., just, reasonable and adequate)
 5. Confront Climate Change by allowing the system size to be increase to support two (2) electric vehicles and RH&C (i.e., EDCs to develop process)
- Stay tuned for battery storage (Docket No. 17-12-03RE03)

Docket No. 20-07-01



What's next for of Green Bank

- Support the EDCs in developing the Residential Tariff program rules, guidelines, and other documents and procedures, where possible and appropriate.
- Work with the EDCs to develop a full list of data fields to be collected and/or recorded and to share appropriate data release clauses for use in Residential Tariff program document.
- Continue to function as a resource for renewable energy developers, officially serving as a consultant with the Authority's Office of Education, Outreach, and Enforcement (EOE) addressing renewable energy contractor and developer questions, auditing submitted customer disclosure forms, and performing other duties related to the education and oversight of renewable energy contractors participating in the Residential Tariff program

Deployment Committee

Agenda Item #5a

Investment Updates and Recommendations

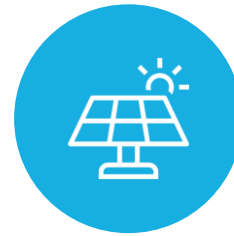
Shared Clean Energy Facilities

(Docket No. 19-07-01)

SCEF Program Background



Section 7(a)(1)(c) of [Public Act 18-50](#) signed on May 24, 2018



Six-year competitive procurement program that will support up to 150 MW of new clean power generation in Connecticut



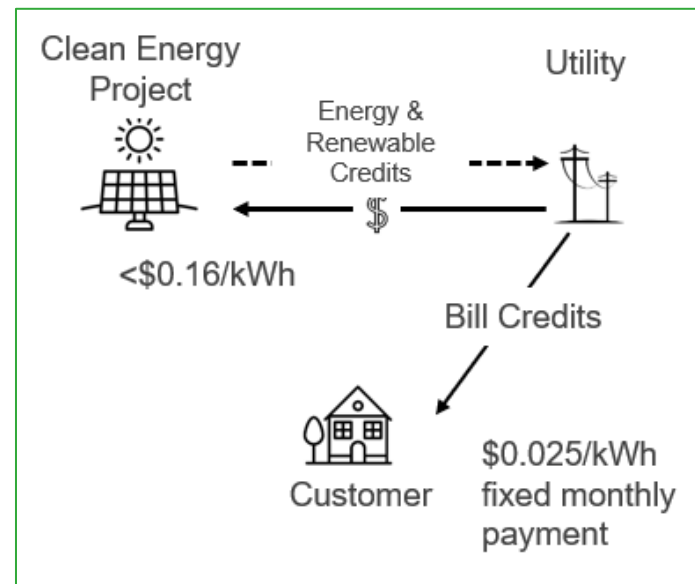
Subscriber Organizations will receive 20-year tariff term from the EDC in which the SCEF project is located



SCEF projects will result in credits that will be applied to the bills of participating electric customers at no cost to those customers

SCEF Program Model

- Clean Energy System Owner (Subscriber Org)
 - Finance and construct project
 - Deliver energy and RECs to Utility
 - Receive direct payment for project production
- Participating Customers (Subscribers)
 - Receive clean energy savings as bill credit at no cost
- Utilities
 - Identification and enrollment of customers as subscribers (with partners)
 - Monthly credit allocation to subscribers
 - Quarterly payment to system owner
 - Subscription management



SCEF Subscribers and Enrollment



Required distribution of customers:

	Capacity Allocation	Eligible Customer Type
Opt-Out	20%	Low Income customers (<80% AMI)
	40%	Low Income (<80% AMI), Moderate Income (80-100% AMI), Landlords of Affordable Housing, Low Income Service Orgs
	20%	Small Business customers (<200kW demand)
Opt-In	20%	Any of the above + state & municipal, commercial & non-LMI residential incapable of BTM solar

- 80% of the program capacity designated via **opt-out process**. EDCs automatically enroll eligible customers
- A **\$0.025 per kWh** credit on their bill based on their average historic consumption
- Bill credit will be the **same each month** for **up to 20 years**
- **Credit follows customers** if they move within the utility territory

Program in Context

- 150 MW of **solar** could serve about **22,000** average residential customers
- 150 MW of **fuel cells** could serve about **116,000** average residential customers
- Utilities estimate **that 290,000 customers are below 60% of State Median Income** in their territories. **80,478 customers received CEAP benefits in FY2018**

Subscriber Savings Value

Opportunity for Future Value Today



$$700 \times \$0.025 = \$17.50$$

kWh Average Electric Consumption per Month

Subscriber Savings per kWh

Average Subscriber Savings Value per Month

\$210 of annual Subscriber Savings value per year over 20-years equals **\$4,200 nominal value**.

By issuing Green Liberty Bonds (i.e., revenue bonds), we can generate **\$2,600 of present value** (i.e., 5% discount rate)

Reduce Energy Burden

Various Use Cases



- **Weatherization and Thermal Comfort** – accelerate energy efficiency installations of insulation and ASHP with additional incentive (e.g., **\$2,600 from present value of Subscriber Credit**) through installations by HES vendors and/or oil and propane businesses (i.e., just transition)
- **Arrearages** – use a portion of the present value of future Subscriber Credits to pay for arrearages today (e.g., payoff arrearage (e.g., \$1,000) and provide additional Low-Income adder for energy efficiency (e.g., \$1,500) from other sources (e.g., Green Bank SCEF Project interest income returns))
- **Remove (or Back-Up) Oil and Propane** – work with local oil and propane businesses to safely remove existing oil and propane tanks or make as back-up source of heating (e.g., additional \$1,000 cost to the “weatherization and comfort” use case)
- **Improve Health and Safety** – address existing health and safety issues with the property (e.g., additional cost to “weatherization and comfort” use case...Broader Healthy Homes Measures from GHFI – \$1,500-\$2,600)...30% deferral rate for HES-IE because of existing health and safety issue.

Reduce Energy Burden



Weatherization and Thermal Comfort Use Case

Weatherization and Thermal Comfort Measures	Installed Cost	Incentives	Installed Costs after Incentives	Estimated Annual Savings
HES-Income Eligible	(\$1,000)	\$1,000	-	\$200
Insulation	(\$2,200)	\$2,200	-	\$250
Air Source Heat Pump	(\$10,000)	\$3,000	(\$7,000)	\$350
Total	(\$13,200)	\$6,200	(\$7,000)	\$800
Subscriber Savings		\$2,600	(\$4,400)	

(Data provided by Eversource for Income Eligible Customers)

REFERENCES

HES-IE saves 12 MMBtu, Insulation saves 13 MMBtu, and an Air Source Heat Pumps saves 7 MMBtu per year – or total of 32 MMBtus saved
HES-IE, insulation, and air source heat pumps have useful lives of 10, 25 and 18 years respectively.

Energy Burden Reduction



Weatherization and Thermalization Use Case

$$\mathbf{\$800 - \$462 = \$338}$$

Est. Annual Energy Savings from Weatherization and Thermalization

Debt Service from Heat Loan at a loan of \$4,400 at 0.99% over 10 years

Energy Burden Reduction after Weatherization and Thermalization resulting from SCEF

Savings from Weatherization and Thermal Comfort (i.e., \$338/year) is equivalent to \$0.040/kWh Subscriber Credit (vs. \$0.025/kWh) or \$128 in additional savings

(↑ Investment = ↑ Jobs + ↑ Tax Revenues + ↓ Energy Burden + ↓ GHG Emissions)

Weatherization Potential



Low Income and LMI Subscribers (Year-1 SCEF)

Subscriber Type	Allocation of Subscriber Savings	Est. Year 1 SCEF Project Production (kWh)	# of Households Reached with Concept	Present Value of 20-Year Subscriber Credits (\$)
Low Income	20%	10,249,200	1,220	\$3,193,192
LMI	40%	20,498,400	2,440	\$6,386,384
Small Business	20%	10,249,200	-	\$3,193,192
Voluntary	20%	10,249,200	-	\$3,193,192
Total	100%	51,246,000	3,660	\$15,965,961

If 100% of Low Income and LMI Subscribers “opted into” the Program, then we **could reach up to 3,660 households** with the weatherization and thermalization use case

REFERENCES

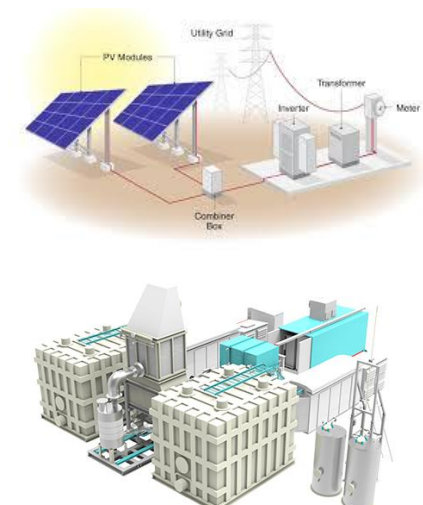
Assumes year-1 approved SCEF projects (i.e., 2.8 MW fuel cells and 22.2 MW solar PV)

of Households reached equals estimate year-1 project production divided by average annual household consumption (i.e., 8,400 kWh)

Present value of 20-year Subscriber Credit assumes 5% discount rate

SCEF Project Financing

Opportunity for Additional Value



Green Bank could share some of the interest income from a SCEF project that we finance, as additional incentives (e.g., payoff arrearages) for Low Income and LMI Subscribers

Deployment Committee

Agenda Item #5b

Investment Updates and Recommendations
Restructuring Loans Associated with C-PACE
Secured PPA's

COVID-19 Restructurings



Restructuring for loans associated with C-PACE secured PPAs

- Board approved Deployment Committee's ability to evaluate and approve loan loss restructurings associated to COVID-19 for transactions less than \$1,000,000 of subsidiaries of the Green Bank.
- CEFIA Holdings LLC currently has loans outstanding to affiliate entities of Inclusive Prosperity Capital ("IPC"), Skyview Ventures and Sunwealth that are associated with C-PACE secured Power Purchase Agreements ("PPAs").
- Governor Lamont [issued Executive Order 9R](#), which can delay expected payments from C-PACE secured benefit assessment liens by up to 90 days.
- IPC has requested loan accommodations on its upcoming quarterly payment (principal outstanding is ~\$650,000) as it will not have received C-PACE secured PPA revenue to meet its March 31st, 2021 debt payment.
- Green Bank recommends approving an extension of next quarterly debt service payment by 90 days to provide relief given the unique circumstances

COVID-19 Restructurings

Resolution #3



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 any amendment, restatement or modification of C-PACE PPA Loans, with terms and conditions consistent with the Memo, 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 this Board meeting; 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 legal instruments.

Deployment Committee

Agenda Item #6
Adjourn



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

Friday, December 11, 2020
11:30 a.m. – 12:00 p.m.

A special meeting of the Deployment Committee of the **Connecticut Green Bank (the “Green Bank”)** was held on December 11, 2020.

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

Committee Members Present: Binu Chandy (DECD), Michael Li (DEEP), Steven Meier (OTT), Matt Ranelli and Lonnie Reed

Committee Members Absent: None

Staff Attending: Sergio Carrillo, Brian Farnen, Bryan Garcia, Bert Hunter, Jane Murphy, Cheryl Samuels, Ariel Schneider, Eric Shrago

Others present: None

1. Call to Order

- Michael Li called the meeting to order at 11:37 am.

2. Public Comments

- No public comments.

3. Consent Agenda

Resolution #1

Motion to approve the minutes of the Deployment Committee meeting for November 18, 2020.

Upon a motion made by Matthew Ranelli and seconded by Binu Chandy, the Deployment Committee voted to approve Resolution 1. None opposed, and Steven Meier and Lonnie Reed abstained. Motion unanimously.

4. Investment Recommendation

a. Acumentrics Share Buyout Offer

- Bert Hunter explained the Acumentrics transaction as a Legacy CT Clean Energy Fund Investment. The Green Bank entered into a Memorandum of Understanding with

Subject to Changes and Deletions

Connecticut Innovations to oversee the investments but there is nothing actively occurring with them at this time. Currently there are investors in Acumentrics who would like to simplify the capital and ownership structure of the company, hence the current proposal. Bert Hunter continued to explain the company background and investment history.

- The fairness opinion prepared by Carta Valuations concerning the proposed selling value was determined by the Green Bank Finance Team as reasonable. The actionable options are:
 - To take no action and hold the common shares received on conversion.
 - To elect to participate in the offer as a buyer pro rata to the holdings of the participating buyers (but it seems unusual to continue with this investment due to Acumentrics's out-of-state status and that the business doesn't fall within the Green Bank's typical investments). Brian Farnen mentioned that there was much discussion with the Board early on with the transition to the new green bank model about investing in this kind of technology, and it was decided to step away and focus elsewhere.
 - To sell the common shares owned at the offer of \$0.23 each.
- The transaction is set to close on December 15, 2020 and so the Green Bank needs to respond with their decision before then. The Green Bank staff's recommendation is to sell the common shares.
 - Lonnie Reed agreed to the staff's recommendation but asked if the Green Bank is guaranteed to receive the money. Bert Hunter said the recommendation is a minimum of \$0.23 per share, so if it is less than that then a resolution would be brought before the Deployment Committee again.
 - Michael Li asked in what scenario the shares could be more than \$0.23 per share, which Bert Hunter responded that there isn't a likely situation in which it would occur, but there are some extenuating circumstances as to why it could, such as a group of minor shareholders banding together to challenge the Carta valuation, but he surmised that this is a very low probability event.
 - Matthew Ranelli asked to confirm that the Deployment Committee is the proper authority, and not the Board of Directors, to make sure everything is done correctly within the bylaws. He asked if this should go to the Board under the policies as a write-off or loss. Bert Hunter said it would not, as the ACG Committee, in approving the annual CAFR, signed off on valuation adjustments annually which would cover this transaction. Thus, the Board has fully recognized the diminution of value. Since the transaction has been previously written down to \$1, the sale will result in a gain being recognized on the financial statements. Brian Farnen agreed that given the current value of the shares and sale value, this current investment decision falls under the Deployment Committee authority. Matthew Ranelli seemed satisfied but just wanted to make sure that everything is correctly handled as to not cause an audit issue down the line.
 - Matthew Ranelli asked for an amendment to the resolution to be sure everything is covered. Bert Hunter explained it is covered under the Carta Valuations in the third WHEREAS clause.
 - Binu Chandy asked if the resolution included the \$1 carrying value which would affect the gains of the Green Bank. Bert Hunter said as written the resolutions did not, however he suggested an amendment to the resolution to include "which would result in a gain for the Green Bank of \$225,120.70, taking into account the existing carrying value of the investment on Green Bank's financial statements of \$1.00" at the end of the second WHEREAS clause.
 - Steven Meier asked if the 45% discount for low marketability was fair, which Bert Hunter responded that while he personally had no experience against which to

Subject to Changes and Deletions

benchmark Carta's work, he added that Carta's work was represented as being prepared in compliance with the guidance regarding valuation methodologies published by the American Institute of Certified Public Accountants and they contained extensive support in their valuation report for their conclusion of the discount factor they used. This was also discussed with staff of CI who did not assert that the determination of value was unreasonable.

Resolution #2

WHEREAS, the Connecticut Green Bank ("Green Bank") has a legacy ownership interest in Acumentrics Holdings Corporation ("Acumentrics") is a Walpole, Massachusetts company, by virtue of assuming the assets and liabilities of the Connecticut Clean Energy Fund (as administered by Connecticut Innovations, Incorporated, "CCEF/CI") when the Green Bank was formed July 1, 2011 pursuant to Public Act 11-80;

WHEREAS, Green Bank and other shareholders of Acumentrics will receive a proposal (the "Proposal") to buy the 978,790 shares of common stock (the Shares") Green Bank owns (which are held of record by Connecticut Innovations, Incorporated ("CI") for the benefit of Green Bank) for a price per share of \$0.23 for a total sale price of \$225,121.70 which would result in a gain for the Green Bank of \$225,120.70, taking into account the existing carrying value of the investment on Green Bank's financial statements of \$1.00;

WHEREAS, staff has reviewed the valuation of Acumentrics completed by Carta Valuations LLC, following the guidance regarding valuation methodologies of the American Institute of Certified Public Accountants Accounting and Valuation Guide: Valuation of Privately Held-Company Equity Securities as Compensation, and has found the determination of value to be reasonable in the circumstances and summarized the background and findings related to the Shares in a memorandum submitted to the Deployment Committee dated December 11, 2020;

WHEREAS, the Deployment Committee, considered the potential for realization of economic benefit if the Green Bank retained the Shares versus disposing of the Shares pursuant to the Proposal, and determined that since the investment is not in line with the current business strategy of the Green Bank and the proceeds from sale of the Shares pursuant to the Proposal could be of benefit for programs or activities related to low-to-moderate families and vulnerable communities;

NOW, therefore be it:

RESOLVED, that the Deployment Committee approves the sale by Connecticut Innovations, Incorporated as holder of record for the benefit of Connecticut Green Bank of the 978,790 common shares of Acumentrics Holdings Corporation for a price per common share of not less than \$0.23 as explained in a memorandum to the Deployment Committee dated December 11, 2020; and

RESOLVED, that the proper Green Bank officers are authorized and empowered to do all other acts and execute and deliver all any documents as they shall deem necessary and desirable to affect the sale by Connecticut Innovations, Incorporated of the common shares of Acumentrics Holdings Corporation.

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

Subject to Changes and Deletions

5. Adjourn

Upon a motion made by Lonnie Reed and seconded by Matthew Ranelli, the Deployment Committee Meeting adjourned at 12:07 pm.

Respectfully submitted,

Michael Li, Chairperson

DRAFT



Memo

To: Board of Directors of the Connecticut Green Bank – Deployment Committee of the Connecticut Green Bank

From: Bryan Garcia (President and CEO)

Date: February 24, 2020

Re: Approval of Funding Requests below \$500,000 and No More in Aggregate than \$1,000,000 – Update

At the October 20, 2017 Board of Directors (BOD) meeting of the Connecticut Green Bank (“Green Bank”) it was resolved that the BOD approves the authorization of Green Bank staff to evaluate and approve funding requests less than \$500,000 which are pursuant to an established formal approval process requiring the signature of a Green Bank officer, consistent with the Comprehensive Plan, approved within Green Bank’s fiscal budget and in an aggregate amount not to exceed \$1,000,000 from the date of the last Deployment Committee meeting. This memo provides an update on funding requests below \$500,000 that were evaluated and approved. During this period, 2 projects were evaluated and approved for funding in an aggregate amount of approximately \$304,002. If members of the board or committee would be interested in the internal documentation of the review and approval process Green Bank staff and officers go through, then please request it.

219 Route 80: A C-PACE Project in Killingsworth, CT

Address	219 Route 80, Killingsworth, CT 06419	
Owner	Running Brook Farms, LLC	
Proposed Assessment	\$94,540.37	
Term (years)	7	
Term Remaining (months)	Pending construction completion	
Annual Interest Rate	6.5%	
Annual C-PACE Assessment	\$16,077.44	
Savings-to-Investment Ratio	5.11	
Average DSCR (operating company)	2.79 ¹	
Average DSCR (property)	[REDACTED]	
Lien-to-Value	[REDACTED]	
Loan-to-Value	[REDACTED]	
Projected Energy Savings (mmBTU)	Year one	206
	Over Term	4,846
Estimated Cost Savings (incl. ZRECs and tax benefits)	Year One	\$73,198
	Over term	\$579,976
Objective Function	51.26 kBTU / ratepayer dollar at risk	
Location	Killingsworth	
Type of Building	Garden Center	
Year of Build	2006	
Building Size (sf)	5,000	
Year Acquired by Owner	2004	
As-Is Appraised Value	\$799,723	
Mortgage Lender Consent	[REDACTED]	
Proposed Project Description	45.52 kW rooftop solar PV	
Est. Date of Construction Completion	Pending closing	
Current Status	Awaiting Staff Approval	
Energy Contractor	[REDACTED]	

 [REDACTED]
 [REDACTED]
 [REDACTED]
 [REDACTED]



Memo

To: Connecticut Green Bank Deployment Committee

From: Joe Buonannata, Manager, Program Operations

CC: IPC: Kerry O'Neill, CEO; CT Green Bank: Bryan Garcia, President and CEO; Bert Hunter, EVP and CIO; Brian Farnen, General Counsel and CLO; Sergio Carrillo, Director of Incentive Programs

Date: February 17, 2021

Re: Smart-E Loan Interest Rate Buydown Program Proposal

Purpose

The purpose of this memorandum is to request approval from the Connecticut Green Bank ("Green Bank") Deployment Committee to revise a special financing offer currently available through the Smart-E Loan program ("Smart-E").

Since July 1, 2020, Smart-E has offered an Interest Rate Buy-Down ("IRB") to 2.99% on qualifying 5, 7 and 10-year loans for certain residential energy improvements (the "2.99% Special Offer") using a \$1.5 million budget of American Recovery and Reinvestment Act State Energy Program ("ARRA-SEP") funds allocated to the program, per the approved Green Bank budget. In advance of the 2.99% Special Offer, Smart-E Program Staff ("Program Staff") submitted a memorandum to the Green Bank's senior team outlining the proposal (see Attachment A).

Program Staff seek to revise the special offer to a lower interest rate (i.e., 1.99% and 0%) for additional measures (the "Spring Special Offer"). The Spring Special Offer is intended to further stimulate the recovery of Connecticut's clean energy economy – both for homeowners and contractors – and to expend the remaining IRB funds more quickly in advance of a possible future federal recovery bill and allocation.

Background

Originally intended to launch April 1, 2020, Program Staff postponed the 2.99% Special Offer to begin July 1, 2020, aligned with other efforts from EnergizeCT to support the re-opening of the state's clean energy economy and get contractors back to work. The offer was designed around three technologies that support the state's climate change mitigation goals: air source and

ground source heat pumps (for decarbonizing buildings), battery storage (for decarbonizing the electric grid), and electric vehicle supply equipment (“EVSE”) (for decarbonizing transportation).

492 Smart-E Loans have closed since July 1, 2020, with 118 (or 24%) qualifying for the 2.99% Special Offer across eight of the nine participating lenders. Of those, 106 closed at the 2.99% rate and 12 at a blended rate, because the project included at least one additional energy improvement that fell outside of the special offer criteria but otherwise qualified for Smart-E financing. Those 12 loans had an average blended rate of 4.02%. The 118 special offer loans equal a total IRB amount of \$185,573, or 12.4% of the total \$1.5M budget. The average principal of the 118 loans was \$16,812, with an average IRB amount of \$1,600. By contrast, the average principal of all 492 closed loans during this period was \$15,197.

The 118 special offer loans to date are largely (95%) heat pumps, with 9% of those being ground source heat pumps and the remainder air source (ducted or ductless). Battery storage projects represent approximately 5% of the total closed special offer loans and there have not been any loans for EVSE.

Smart-E 2.99% Special Offer Results (07/01/20 – 01/31/21)					
Term	Count	Percent of Total 2.99% Loans	Average Principal	Average IRB	Total IRB Spend
5 Years	33	28%	\$11,859	\$415	\$13,281
7 Years	19	16%	\$15,264	\$947	\$17,873
10 Years	66	56%	\$17,900	\$2,166	\$154,420

Spring Special Offer

Budget

Program Staff estimates a budget of approximately \$1.3M for the Spring Special Offer.

Measures

Program Staff proposes broadening the parameters of which energy measures qualify for the special offer. If approved, the Spring Special Offer would be available to all Smart-E eligible measures ¹, with the exception of solar and health and safety measures. Solar is not being

¹ <https://www.ctgreenbank.com/wp-content/uploads/2020/09/Smart-E-Eligible-Measures-V081020.pdf>

included because of the Green Bank’s efforts to move away from incentivizing the technology, and the ARRA-SEP funds do not allow for IRBs on health and safety measures².

In addition to heat pumps, battery storage, and EVSE, the Spring Special Offer would allow for reduced rate loans for improvements such as high-efficiency heating (boilers and furnaces), cooling (central air conditioning), insulation, and windows. Program Staff will also speak with their utility counterparts to discuss potentially applying the home energy assessment requirement currently for heat pumps (via the EnergizeCT Home Energy Solutions program or an equivalent) to insulation and windows projects under the Spring Special Offer. These types of home performance projects benefit greatly from increased rebates following an assessment; however, it will be important to confirm the current backlog of energy assessments and what impact that might have on Smart-E projects and the deployment of ARRA-SEP funds.

Rates and Terms

For the Spring Special Offer, Program Staff propose a 1.99% interest rate for all qualifying loans at a 5, 7 or 10-year loan term. In addition, to better serve the state’s lower income population, borrowers who qualify for a Smart-E Loan that are at or below 80% Area Median Income (“AMI”) as defined by the Connecticut Department of Housing / HUD 2020 Combined Income Limits³ would qualify for a 0% rate at a 5, 7 or 10-year term. The 80% AMI limit is also in keeping with thresholds for investment in disadvantaged communities under the Community Reinvestment Act. Smart-E lenders would be provided an AMI tool similar to what the Green Bank created to determine eligibility for the low-to-moderate income (“LMI”) residential solar incentive.

IRB Projections

The following assumptions are made by applying the 2.99% special offer’s volume distribution to \$15,000, \$25,000 and \$40,000 Smart-E Loans at 1.99% for 5, 7 and 10-year terms (and \$15,000 at 0%) to determine an estimated loan count based on the \$1.3 budget of ARRA-SEP funds.

Assumed Loan Amount: \$15,000 at 1.99%

- *Example project:* Ductless Mini Split Heat Pump + HES Assessment

Term	% of Total Loans	Estimated Loan Count	Estimated Monthly Payment	Estimated IRB (\$) / Loan	Total IRB Spend
5 Years	30%	203	\$263	\$909	\$184,453

² As of the date of this memo, this is being clarified by DEEP with their contact at the U.S. Department of Energy (“DOE”). If DOE allows that ARRA-SEP funds be used for health and safety, Program Staff proposes that they be included in the Spring Special Offer.

³ <https://portal.ct.gov/DOH/DOH/Additional-program-pages/HUD-Rent-and-Income-Limits>

7 Years	15%	101	\$192	\$1,469	\$149,044
10 Years	55%	3722	\$138	\$2,598	\$966,503
Portfolio Totals / Averages	100%	676 <i>(714 loans for 2.99%)</i>		\$1,922 <i>(\$1,401 for 2.99%)</i>	\$1,300,000

Assumed Loan Amount: \$15,000 at 0%

- *Example project:* Ductless Mini Split Heat Pump + HES Assessment

Term	% of Total Loans	Estimated Loan Count	Estimated Monthly Payment	Estimated IRB (\$) / Loan	Total IRB Spend
5 Years	30%	134	\$250	\$1,607	\$214,733
7 Years	15%	67	\$179	\$2,391	\$159,747
10 Years	55%	245	\$125	\$3,778	\$925,520
Portfolio Totals / Averages	100%	445 <i>(676 loans for 1.99%)</i> <i>(714 loans for 2.99%)</i>		\$2,919 <i>(\$1,922 for 1.99%)</i> <i>(\$1,401 for 2.99%)</i>	\$1,300,000

Assumed Loan Amount: \$25,000 at 1.99%

- *Example project:* Battery Storage

Term	% of Total Loans	Estimated Loan Count	Estimated Monthly Payment	Estimated IRB (\$) / Loan	Total IRB Spend
5 Years	30%	122	\$438	\$1,515	\$184,425
7 Years	15%	61	\$319	\$2,448	\$149,000
10 Years	55%	223	\$230	\$4,331	\$966,575
Portfolio Totals / Averages	100%	406 <i>(428 loans for 2.99%)</i>		\$3,204 <i>(\$2,334 for 2.99%)</i>	\$1,300,000

Assumed Loan Amount: \$40,000 at 1.99%

- *Example project:* Ground Source Heat Pump

Term	% of Total Loans	Estimated Loan Count	Estimated Monthly Payment	Estimated IRB (\$) / Loan	Total IRB Spend
5 Years	30%	76	\$701	\$2,424	\$184,462
7 Years	15%	38	\$511	\$3,916	\$148,980
10 Years	55%	139	\$368	\$6,929	\$966,558
Portfolio Totals / Averages	100%	254 <i>(268 loans at 2.99%)</i>		\$5,126 <i>(\$3,735.25 for 2.99%)</i>	\$1,300,000

It is impossible to predict which project types, corresponding loan amounts and terms will dominate in a flexible promotion such as the one being proposed; however, a \$1.3M IRB promotion could support between 250-750 loans in the target categories outlined above.

Timeline

If approved by the Deployment Committee, Program Staff propose launching the Spring Special Offer on Monday, March 15, 2021 and keeping it in the market until the end of the fiscal year (June 30, 2021) or when the remaining ARRA-SEP funds are fully expended.

Program Staff will monitor the progress of the Spring Special Offer and report to the Green Bank's senior team on a weekly basis. Although applying the reduced rate to a longer list of measures will likely accelerate the deployment of the ARRA-SEP funds, Program Staff request that the Deployment Committee consider affording the Green Bank's senior team the flexibility to adjust the rates below 1.99% (e.g., 0.99%) if further market stimulation is necessary.

Program Staff will maintain a publicly visible tool (e.g., an RSIP-style thermometer) which will inform the market, including contractors, lenders, and prospective borrowers, of the remaining funds available for the Spring Special Offer. An announcement will be made to contractors and lenders of the Spring Special Offer's conclusion with a minimum 14 days' notice. Following the special offer's conclusion, Smart-E will return to its standard rate/term sheet: 5-20 years, 4.49% - 6.99%.

Next Steps

Pending Deployment Committee approval of the Spring Special Offer, the following actions will be taken prior to a Monday, March 15, 2021 launch:

- *Official Notification Given to the Residential Committee of the Energy Efficiency Board ("EEB")*
 - o Program Staff will notify the EEB of the Spring Special Offer via email and at their monthly meeting on March 10, 2021.
- *Official Notification Given to Lenders*
 - o Program Staff propose to give lenders written notice of the adjusted special offer immediately following the Deployment Committee's decision. This rate adjustment should not cause any issue for the lenders as they are all currently offering the 2.99% Special Offer; however, Program Staff may need to offer a webinar or individual training on the AMI review process to ensure their comfort and that the reviews are being conducted correctly.
- *Official Notification Given to Contractors*
 - o Program Staff plan to first inform the 17 Smart-E "Top Performer" contractors for 2020 during a virtual recognition ceremony on Friday, February 26, 2021 at 9am. Later that day, an email communication will be sent to the roughly 400+ contractors informing them of the Spring Special Offer details.
- *Marketing Support*
 - o Program Staff will work alongside the Green Bank's Marketing team to update existing, and create new, special offer-themed print and digital materials for homeowners, contractors and lenders.
- *Press Release*
 - o *Program Staff will work alongside the Green Bank's Marketing team to create a Press Release announcing the Spring Special Offer to launch the first day of the new promotion.*
- *Build Appropriate IRB-Related Fields in the Smart-E NGEN Portal*
 - o Program Staff will work with the web developer of NGEN (Smart-E's customized online platform) to develop the appropriate IRB-related fields that can be properly exported / migrated to the Green Bank's data warehouse.

**Attachment A:
Smart-E 2.99% Special Offer Memo**

Memo

To: Bryan Garcia, President and CEO, CT Green Bank and CT Green Bank Senior Staff

From: Joe Buonannata, Manager, Program Operations

CC: Kerry O'Neill, President and CEO; Madeline Priest, Senior Manager, Market Engagement

Date: January 17, 2020

Re: Smart-E Loan Interest Rate Buydown Program Proposal

Purpose

The purpose of this memorandum is to request approval from Connecticut Green Bank ("Green Bank") Senior Staff of the Smart-E Loan Program team's ("Program Staff") proposal to restart the Interest Rate Buy-Down Program ("IRB") associated with the Smart-E Loan ("Smart-E").

The Green Bank has an estimated \$1.5 million of American Recovery and Reinvestment Act State Energy Program ("ARRA-SEP") funds allocated for the Smart-E IRB for FY20, per the approved Green Bank budget. Program Staff is proposing to deploy \$1M⁴ of these funds strategically to buy-down the interest rates of Smart-E Loans for residential energy projects that support Connecticut's climate change plan, as outlined in the Green Bank's FY20 and Beyond Comprehensive Plan⁵, focused on three key climate change mitigation wedges: decarbonizing electricity generation, decarbonizing transportation, and decarbonizing buildings.

Program Staff is proposing a special offer rate of 2.99% for qualifying 5, 7 and 10-year loans. The target promotional period for the 2.99% offer is March 1, 2020 – December 31, 2020, or until \$1 million of the \$1.5 million budget is expended.

A reminder that this reduced rate is made possible by the Green Bank Board of Directors'-approved increase of the pool of appropriated IRB funds from \$1.5 million to \$6 million, effective March 15, 2017. Program Staff are confident that the market – homeowners, contractors, lenders and utility partners – will respond positively to this IRB and that it will incentivize homeowners to implement the target project upgrades, resulting in greater energy and financial savings, and achievement of important state policy goals.

Background

To date, Program Staff have managed several successful IRB promotional periods focused on technologies or technology pairings that support the state's energy policy goals.

Most recently, in 2017, Program Staff launched an aggressive special offer at 0.99% in support of the Comprehensive Energy Strategy and the Governor's Council on Climate Change that, in

⁴ Per Green Bank Accounting, remaining ARRA-SEP allocations are: \$1.5M for Smart-E IRB, \$300,000 for LIME Loan (multifamily) and \$300,000 for CT Solar Loan. Program Staff propose reserving \$500,000 of the \$1.5M Smart-E allocation for a future promotion related to contractor engagement following potential implementation of a contractor fee to participate in the program.

⁵ [Connecticut Green Bank Comprehensive Plan – Fiscal Year 2020 & Beyond](#), July 2019

part, referenced the need for electrification of heating and cooling, deployment of renewable heating and cooling, and promotion of zero emission vehicles (where ARRA-SEP funds were used for IRBs for electric vehicle chargers attached to residential homes).

The Smart-E 0.99% special offer resulted in:

- 1,272 closed loans over a period of about eight months
- Approximately \$20.6M in private capital deployed across eleven lenders
- Approximately \$4M in ARRA-SEP funds deployed into IRBs
- Approximately 18,065 MMBTU savings (excluding solar PV)
- Approximately 6,132 tons of CO2 saved

Smart-E 0.99% Special Offer Results				
Term	Count	Percent of Total 0.99% Loans	Average Principal	Average IRB
5 Years	205	16%	\$10,635	\$860
7 Years	128	10%	\$11,637	\$1,502
10 Years	939	74%	\$18,040	\$3,859

On December 1, 2018, Program Staff instructed Smart-E’s lenders (community banks, credit unions, and one community development financial institution - Capital for Change) to return to the program’s standard offering: 5-year loans at 4.49%, 7-year loans at 4.99%, 10-year loans at 5.99% and 12-year loans at 6.99%.

Smart-E has operated strongly in the wake of the 0.99% special offer, with nearly 1,800 loans closed in calendar years 2018 and 2019 equaling approximately \$23.5M in private capital deployed.

Of note, heat pumps were a major thrust of the 0.99% special offer and since the promotional period ended, heat pump volume has continued steadily – as shown below - demonstrating a significant level of market transformation. That said, there is still a long way to go to significantly increase market penetration for heat pumps, deployment of which is critical to decarbonization of the building sector.

Smart-E Loans with Heat Pumps	
Period	Closed Loans
2013 – 2016 (Pre-0.99%)	174
2017 (0.99%)	400
2018 – 2019 (Standard Rates)	210

The overall portfolio of over 4,500 closed loans (equaling approximately \$69.6M of private capital deployed) also continues optimal performance as of December 31, 2019, with 80 delinquencies

equaling approximate \$1.16M (1.8%) and 28 defaults/charge offs equaling approximately \$468,000 (0.67%). Of these defaults/charge-offs, Green Bank has only paid out \$73,265 to date from its loan loss reserve (structured as a 2nd loss reserve).

2.99% Smart-E Promotion

What Qualifies?

Program Staff is continuing to finalize details of the qualifying special offer packages, with a keen focus on deploying the \$1M IRB budget strategically to support technologies that are important to the Green Bank and State of Connecticut's climate plan.

Proposed special offer packages to be financed at 2.99% for the borrower's choice of a 5, 7 or 10-year term include:

- **Heat Pumps** (air source / ducted systems, ductless mini splits, heat pump water heaters)
 - o Paired with an energy assessment through the Energize CT Home Energy Solutions program ("HES"); or,
 - o Paired with HES plus any recommendations that come from the assessment (e.g., additional air sealing, insulation)

Program Staff provided an overview of the proposed Heat Pump + HES bundle to Program Administrators and staff at Eversource and Avangrid ("Utility Partners"), all of whom gave positive feedback. Success of this special offer package would help support the Utility Partners' priorities outlined in their current Conservation and Load Management Plan⁶ and the Green Bank's efforts to decarbonize buildings, which represent over 30% of the state's greenhouse gas ("GHG") emissions.

- **Ground Source Heat Pumps**

Program Staff propose to include **ground source heat pumps ("GSHP" or "geothermal")** as qualifying special offer technology. Heat pumps "concentrate naturally existing heat, rather than by producing heat through the combustion of fossil fuels⁷." GSHP are typically designed so that they can replace a home's fossil fuel heating system, making them important technologies to support the decarbonization of buildings; however, their assumed installed cost is \$40,000 or more (Smart-E's maximum loan amount), as compared to air source heat pumps which range between \$10,000 - \$15,000, so Program Staff will closely monitor deployment of these systems to ensure we remain within budget.

⁶ [2019-2021 Plan Conservation & Load Management Plan Update](#), March 1, 2019

⁷ <https://www.energy.gov/eere/geothermal/geothermal-heat-pumps>

Program Staff will continue to work with GSHP contractors to review projects to determine if a split between Smart-E (2.99%) and CT Heat Loan (0.99%) financing is possible.

- **Electric Vehicle Chargers**

Program Staff is proposing a special offer on electric vehicle supply equipment (“EVSE”), most commonly referred to as Level 1 (120 volt) or Level 2 (240 volt) EVSE, to support the Green Bank’s effort to decarbonize transportation, which represents over 35% of the state’s emissions.

Level 1 EVSE are simple chargers that plug into most standard household outlets and do not require special equipment. According to a review of multiple EVSE manufacturers’ offerings, average installed cost is less than \$500 for this type of charger.

Level 2 EVSE are better suited for providing a quicker and stronger charge – adding between 10-60 miles of range per hour of charging, as compared to a Level 1’s 2-5 miles of range per hour, according to the US Department of Energy⁸. Average installed cost for Level 2 EVSE is between \$500-\$2,000 but could increase if an electric service upgrade is required at the home, which a Smart-E Loan can also cover as part of the approved 25% “other/related” measure carveout.

During the 0.99% promotional period, 21 Smart-E Loans included EVSE, mostly coupled with solar PV.

- **Battery Storage**

Program Staff is proposing a special offer on battery storage technologies to support the Green Bank’s effort to decarbonize electricity generation, which represent 23% of the state’s GHG emissions.

Battery storage enables peak reduction, thereby allowing for better integration of renewables, particularly solar PV, into the electric grid. Program Staff have also heard an increased demand from homeowners for battery storage technologies for purposes of back-up power and resiliency.

Program Staff will work alongside the Green Bank’s Incentive Team to manage the technical review of battery storage applications that are add-ons to existing solar PV systems and/or paired with new solar PV installations.

To date, Smart-E has financed less than 10 battery storage projects, all of which were paired with solar PV. Program Staff have approved a small number of Tesla Powerwall

⁸ <https://www.energy.gov/eere/electricvehicles/charging-home>

batteries, one in January 2020 and two during the 0.99% promotional period. Assumed installed cost of battery storage technologies is \$11,000.

It should be noted that the IRB promotion being proposed here will not be available for solar PV systems, though they can be financed at a blended Smart-E rate.

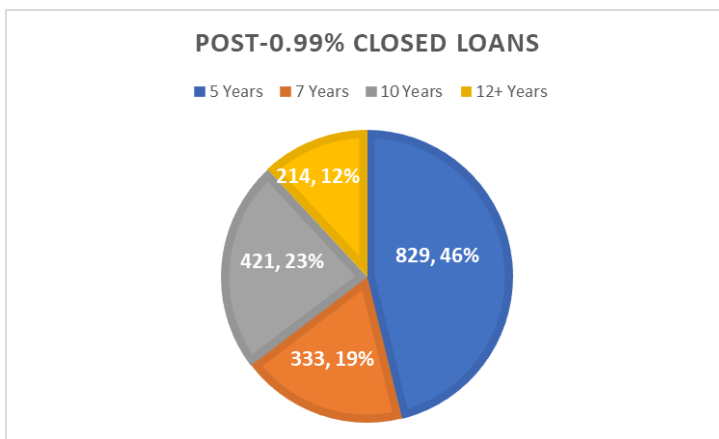
- **Blended Rate Loans**

Program Staff are working to design a special offer that balances strategic deployment of the \$1M IRB budget while maintaining a key pillar of Smart-E: being a flexible, accessible product that can be used to finance over 40 qualifying energy improvements. Program Staff propose a blended interest rate calculation for loans that include qualifying special offer packages and other Smart-E eligible measures not covered by the promotion (e.g., solar PV, central air conditioning, high efficiency boilers and furnaces, windows, etc.). Program Staff will work with the Green Bank's Finance team to develop a calculator tool for use by Smart-E lenders and contractors.

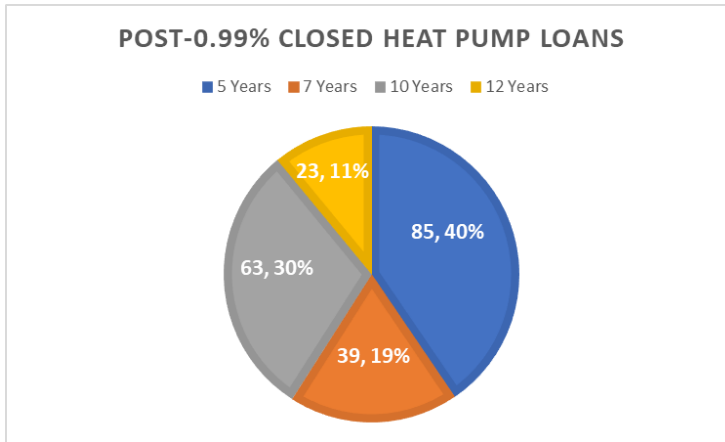
IRB Volume

Without a Smart-E special offer in the market, the nearly 1,800 closed loans in calendar years 2018 and 2019 heavily favored the 5-year term at 4.49% - the shortest term and lowest rate available through Smart-E.

Of note, 82 of the 214 loans that closed at a 12+ year term (i.e., 12, 15 and 20-year terms) are solar projects for which the contractor directly funded an IRB at the 12-year term.



The 210 loans for heat pumps that closed after the 0.99% promotional period ended had a very similar distribution to the overall portfolio, as shown below.



IRB Projections

The following assumptions are made by applying the 0.99% special offer's volume distribution to \$10,000, \$20,000 and \$30,000 Smart-E Loans at 2.99% for 5, 7 and 10-year terms, to determine an estimated loan count based on the \$1M budget of ARRA-SEP funds.

Program Staff will monitor volume on a weekly basis to ensure that volume remains at a sustainable level that can be supported by the \$1M IRB budget. Program Staff will provide monthly volume and balance updates to the Green Bank and will request approval of the Green Bank to end the special offer with no less than 30 days' notice to the market (contractors and lenders).

Assumed Loan Amount: \$10,000

- *Example project:* Ductless Mini Split Heat Pump + HES Assessment

Term	% of Total Loans	Estimated Loan Count	Estimated Monthly Payment	Estimated IRB (\$) / Loan	IRB (\$) / MMBTU	Total IRB Spend
5 Years	20%	201	\$170.66	\$344	\$36.33	\$68,986
7 Years	10%	100	\$125.48	\$619	\$65.42	\$62,068
10 Years	70%	702	\$91.69	\$1,238	\$130.82	\$868,946
Portfolio Totals / Averages	100%	1,003		\$997.30		\$1,000,000

Assumed Loan Amount: \$20,000

- *Example project:* Air Source Heat Pump + Heat Pump Hot Water Heater + Attic Insulation

Term	% of Total Loans	Estimated Loan Count	Estimated Monthly Payment	Estimated IRB (\$) / Loan	IRB (\$) / MMBTU	Total IRB Spend
5 Years	20%	107	\$320.66	\$646	\$19.39	\$68,980
7 Years	10%	53	\$235.78	\$1,163	\$34.92	\$62,093
10 Years	70%	374	\$172.28	\$2,325	\$69.83	\$868,927
Portfolio Totals / Averages	100%	534		\$1,873		\$1,000,000

Assumed Loan Amount: \$30,000

- *Example project:* Ductless Mini Split, Battery Storage, Level 2 EVSE; **OR,** \$30,000 towards a Geothermal project

Term	% of Total Loans	Estimated Loan Count	Estimated Monthly Payment	Estimated IRB (\$) / Loan	IRB (\$) / MMBTU	Total IRB Spend
5 Years	20%	65	\$529.95	\$1,067	\$112.80	\$68,934
7 Years	10%	32	\$389.66	\$1,922	\$203.14	\$62,086
10 Years	70%	226	\$284.72	\$3,843	\$406.22	\$868,980
Portfolio Totals / Averages	100%	323		\$3,096		\$1,000,000

It is impossible to predict which project types, corresponding loan amounts and terms will dominate in a flexible promotion such as the one being proposed; however, a \$1M IRB promotion could support between 500-1,000 loans in the target categories outlined above.

Of note, Program Staff will track the average CO2 saved per IRB (\$) throughout the promotional period and will update Green Bank staff accordingly.

Next Steps

Pending Green Bank approval, Program Staff has selected March 1, 2020 as the target launch of the 2.99% special offer. In advance of the launch, the following items will be addressed:

- *Official Notification Given to the Residential Committee of the Energy Efficiency Board ("EEB") and the EEB-Green Bank Board Joint Committee*
 - o Program Staff will notify the EEB of the 2.99% special offer at their February 13, 2020 meeting and the Joint Committee at their March 18, 2020 meeting.

- *Official Notification Given to Lenders*
 - As currently written, Smart-E Lender Financing Agreements state that \$6M has been appropriated for Smart-E IRBs and that “no Interest Rate Buy-Down Funds will be available for any Program Loans closed and funded after December 31, 2017, unless extended per written notice from the Green Bank.”
 - Program Staff do not feel that Amendments to the Financing Agreements are necessary since the same appropriated ARRA-SEP funds would be used for this special offer.
 - Program Staff propose to give lenders written preliminary notice of the special offer the week of Monday, January 27, 2020 in case any internal operating processes need to be adjusted, followed by a formal, written memorandum, likely the week of February 17, 2020.
- *Official Notification Given to Contractors*
 - Program Staff will issue a formal, written announcement via email to the approximately 400 Smart-E eligible contractors, likely the week of February 17, 2020 (aligned with the formal lender announcement).
- *Marketing Support*
 - Program Staff will work alongside the Green Bank’s Marketing team to update existing, and create new, special offer-themed print and digital materials for homeowners, contractors and lenders.
- *Build Appropriate IRB-Related Fields in the Smart-E NGEN Portal*
 - Program Staff will work with the web developer of NGEN (Smart-E’s customized online platform) to develop the appropriate IRB-related fields that can be properly exported / migrated to the Green Bank’s data warehouse.
- *Reporting*
 - Program Staff will develop reports for the Green Bank and implement them once the special offer launches.

WHEREAS, in July of 2011, the Connecticut General Assembly passed Public Act 11-80, "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 in residential projects per the definition of clean energy in CGS Section 16-245n(a);

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

WHEREAS, on February 27, 2017, the Green Bank Deployment Committee (the "Deployment Committee") approved an allocation of \$7,564,227 in American Recovery and Reinvestment Act State Energy Program ("ARRA-SEP") funds for Smart-E Loans, which have been used for Interest Rate Buydown ("IRB") promotions, including a 2.99% rate special financing launched on July 1, 2020;

NOW, therefore be it:

RESOLVED, that the Deployment Committee approves the adjustment of the Smart-E Loan Spring Special Offer using the balance of approximately \$1.3M ARRA-SEP funds allocated for Smart-E Loans consistent with the memorandum submitted to the Deployment Committee dated February 17, 2021.



Memo

To: Board of Directors of the Connecticut Green Bank – Deployment Committee of the Connecticut Green Bank
From: Mariana Trief, Consultant, Clean Energy Finance; Bert Hunter, EVP and CIO
Cc: Bryan Garcia, President and CEO; Brian Farnen, General Counsel and CLO; Mackey Dykes, VP Financing Programs
Date: February 17, 2021
Re: Approval of Restructuring for loans associated with C-PACE secured PPAs from CEFIA Holdings LLC

At the June 26, 2020 Board of Directors (“BOD”) meeting of the Connecticut Green Bank (“Green Bank”) the BOD approved the recommendation of the Green Bank’s Deployment Committee to evaluate and approve loan loss restructurings or write-offs associated to COVID-19 for transactions less than \$1,000,000 of subsidiaries of the Green Bank.

Proposed Restructuring

Governor Lamont [issued Executive Order 9R](#) (“Executive Order”) which required suspension and modification of property tax and tax assessment deadlines and collection efforts in Connecticut for property tax bills that became due January 1, 2021. This is similar to what was issued in Executive Order 7s earlier this year affecting tax bills due April 1, 2020 through July 1, 2020. This order states that this directive applies to C-PACE benefit assessment liens and can delay expected payments from C-PACE secured benefit assessment liens by up to 90 days.

CEFIA Holdings LLC currently has loans outstanding to affiliate entities of Inclusive Prosperity Capital (“IPC”), Skyview Ventures and Sunwealth that are associated with C-PACE secured Power Purchase Agreements (“PPAs”). IPC has requested accommodations for the next quarterly payment due on March 31, 2021 on its loan as IPC will not have received the necessary and associated revenue from C-PACE secured PPA projects in time due to the Executive Order. IPC currently has a loan associated to C-PACE secured PPAs with a principal outstanding of \$645,918. Green Bank staff would like to request the Deployment Committee’s approval to delay the next quarterly debt service payment due from IPC by 90 days to provide relief given these circumstances outside of the borrower’s control. This accommodation would mean that the next debt service payment from IPC would be due on June 30, 2021 instead of March 31, 2021, this would give IPC proper time to collect on C-PACE secured PPAs that will be delayed due to the Executive Order. If requested, this accommodation would also be made available to any other borrowers of CEFIA Holdings LLC that have C-PACE secured PPAs approved either at the staff level or through a follow-on request to the Deployment Committee or BOD based on the outstanding principal value amount.

Resolutions

WHEREAS, on June 26, 2020, the Green Bank Board of Directors (“Board”) approved the Loan Loss Decision Framework and Process for Subsidiaries, set forth in that certain memo to the Board dated June 26, 2020, which established the process of dealing with COVID-related restructurings for assets on Green Bank’s balance sheet; and

WHEREAS, Green Bank staff seeks Board approval to restructure loans from CEFIA Holdings LLC associated with Commercial Property Assessed Clean Energy (“C-PACE”) secured Power Purchase Agreements with Inclusive Prosperity Capital Inc. in a principal amount outstanding that is approximately \$650,000 (“C-PACE PPA Loans”) as described in that certain memorandum submitted to the Deployment Committee dated February 24, 2021 (the “Memo”).

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 any amendment, restatement or modification of C-PACE PPA Loans, with terms and conditions consistent with the Memo, 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 this Board meeting; 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 legal instruments.



845 Brook Street
Rocky Hill, CT 06067

300 Main Street, 4th Floor
Stamford, CT 06901