



## Deployment Committee

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### **Meeting Date**

**November 17, 2021**



## **Deployment Committee**

**Vickie Hackett**

Deputy Commissioner  
Department of Energy and  
Environmental Protection

**Matt Ranelli**

Partner  
Shipman & Goodwin

**Lonnie Reed**

Board Chair

**Shawn Wooden – Designee, Sarah  
Sanders**

Treasurer  
State of Connecticut

**Binu Chandy**

Deputy Director  
DECD

**Dominick Grant**

Dirt Partners

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T 860.563.0015  
ctgreenbank.com



November 10, 2021

Dear Connecticut Green Bank Deployment Committee:

We have a meeting of the Deployment Committee scheduled on Wednesday, November 17, 2021 from 2:00 to 3:00 p.m.

Please take note that this will be an online meeting only.

On the agenda we have the following items:

- **Consent Agenda** – approval of the meeting minutes for the meeting held on September 22, 2021;
- **Incentive Programs Updates and Recommendations** – an overview of the Smart-E Loan, update on future intentions to restructure use of remaining American Recovery and Reinvestment Act (“ARRA”) funds to support interest rate buydowns (“IRB”) for Smart-E Loan, and expansion of eligible measures to include “environmental infrastructure” for Smart-E Loan;
- **Investment Update and Recommendations** – a follow-on investment in Skyview Venture to support the term financing of non-residential solar PV projects receiving zero-emission renewable energy credits (“ZREC”) [Note – materials coming COB on Friday, November 12<sup>th</sup>];
- **Financing Programs Updates and Recommendation** – an update on the Small Business Energy Advantage (“SBEA”) program, and our intentions to work with Eversource and Amalgamated Bank to extend the on-bill financing program; and
- **Environmental Infrastructure Programs Update and Recommendations** – if we have time, an update on our outreach to “land conservation” and “parks and recreation” stakeholders.

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.

Have a great weekend.

Sincerely,

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

Bryan Garcia  
President and CEO



## **AGENDA**

Deployment Committee of the  
Connecticut Green Bank  
75 Charter Oak Avenue  
Hartford, CT 06106

Wednesday, November 17, 2021  
2:00-3:00 p.m.

Dial (224) 501-3412  
Access Code: 632-504-461

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

1. Call to order
2. Public Comments – 5 minutes
3. Approval of Meeting Minutes – 5 minutes
4. Incentive Programs Updates and Recommendations – 20 minutes
  - a. Smart-E Loan – ARRA Restructuring from Loan Loss Reserves to Interest Rate Buydowns
  - b. Smart-E Loan – Expansion to include Environment Infrastructure Measures
5. Investment Updates and Recommendations – 10 minutes
  - a. Skyview Ventures – Additional Investment
6. Financing Programs Updates and Recommendations – 10 minutes
  - a. Small Business Energy Advantage (SBEA) Extension – Update
7. Environmental Infrastructure Programs Updates – 5 minutes
8. Other Business – 5 minutes
9. Adjourn

Join the meeting online at <https://global.gotomeeting.com/join/632504461>

Or call in using your telephone:

Dial (224) 501-3412

Access Code: 632-504-461

***Next Regular Meeting: Wednesday, February 23, 2022 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  
75 Charter Oak Avenue  
Hartford, CT 06106

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Access Code: 632-504-461

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

1. Call to order
2. Public Comments – 5 minutes
3. Approval of Meeting Minutes – 5 minutes

### **Resolution #1**

Motion to approve the meeting minutes of the Deployment Committee meeting for September 22, 2021.

4. Incentive Programs Updates and Recommendations – 20 minutes
  - a. Smart-E Loan – ARRA Restructuring from Loan Loss Reserves to Interest Rate Buydowns
  - b. Smart-E Loan – Expansion to include Environment Infrastructure Measures
5. Investment Updates and Recommendations – 10 minutes
  - a. Skyview Ventures – Additional Investment

### **Resolution #2**

**WHEREAS**, the Connecticut Green Bank (“Green Bank”) has significant experience in the development and financing of commercial solar PPA projects in Connecticut;

**WHEREAS**, the Green Bank has established a working relationship with a private sector Connecticut-based solar developer, Skyview Ventures LLC (“Skyview”), and through that

relationship the Green Bank has an opportunity to deploy capital for the development of clean energy in Connecticut, and specifically toward commercial solar PPA projects developed by Skyview in Connecticut (“Skyview PPA Projects”);

**WHEREAS**, the Green Bank is implementing a Sustainability Plan that invests in various clean energy projects and products to generate a return to support its sustainability in the coming years;

**WHEREAS**, the Board approved at its meeting held on March 25, 2020 to approve a senior secured loan facility (“Original Term Loan” transaction in an amount not to exceed \$2.3M as a Strategic Selection and Award pursuant to the Green Bank Operating Procedures Section XII given the special capabilities, uniqueness, strategic importance, urgency and timeliness, and multi-phase characteristics of the Original Term Loan transaction;

**WHEREAS**, the Board approved at its meeting held on April 24, 2020 to expand the Original Term Loan transaction to an amount not to exceed \$3.5M (the “Modified Term Loan”);

**WHEREAS**, the Board approved at its meeting held on October 23, 2020 to expand the Modified Term Loan transaction to an amount not to exceed \$7M (the “Existing Term Loan”);

**WHEREAS**, 70% of the available Existing Term Loan has already been advanced to finance Skyview PPA Projects;

**WHEREAS**, the Green Bank supports the goal of increasing the deployment of energy storage in the state, while ensuring that resilience and environmental justice objectives are being met;

**WHEREAS**, in light of the financial incentives available (starting 2022) for the deployment of energy storage solutions (“ESS”) projects, Skyview is developing a pipeline of ESS projects in CT; and

**WHEREAS**, given the rate of utilization of the Existing Term Loan by Skyview for Skyview PPA Projects, and the opportunity to develop ESS projects, following diligence of Green Bank staff, Green Bank staff proposes increasing the Existing Term Loan size and amending its terms to allow for ESS project financing, and requests that the Deployment Committee recommend staff’s request to the Board for approval.

**NOW**, therefore be it:

**RESOLVED**, that the Green Bank Deployment Committee (the “Deployment Committee”) recommends to the Board for its approval staff’s request to amend and restate the Board’s existing approval of the Existing Term Loan transaction as described in the Project Qualification Memo submitted by the staff to the Deployment Committee and dated June 18, 2021 (the “Memorandum”) to include ESS projects to be qualified for future advances within the increased limit of \$10,000,000 on terms and conditions substantially consistent with those described in the Memorandum as a Strategic Selection and Award pursuant to the Green Bank Operating Procedures Section XII given the special capabilities, uniqueness, strategic importance, urgency and timeliness, and multi-phase characteristics of the Existing Term Loan transaction.

6. Financing Programs Updates and Recommendations – 10 minutes

a. Small Business Energy Advantage (SBEA) Extension – Update

7. Environmental Infrastructure Programs Updates – 5 minutes
8. Other Business – 5 minutes
9. Adjourn

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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** – we continue to record and post the board meetings.
- **State Your Name** – for those talking, please state your name for the record.



CONNECTICUT  
**GREEN BANK** SM

# Deployment Committee Meeting

November 17, 2021

# Deployment Committee

## Agenda Item #1

### Call to Order

# Deployment Committee

## Agenda Item #2

### Public Comments

# Deployment Committee

## Agenda Item #3

### Approval of Meeting Minutes

# Deployment Committee

## Agenda Item #4a

### Incentive Programs

### Smart-E Loan – ARRA Restructuring

# Smart-E Loan

## Overview



### Who is involved?

- Administered by CT Green Bank in partnership with **nine** local lenders and a network of **350+** contractors

### What can you finance?

- 40+ energy improvements
  - Battery Storage
  - EV chargers
  - Health & Safety
  - Home performance
  - HVAC
  - Solar

### How much can you borrow?

- \$500 - \$40,000

### What are the rates and terms?

- 5 years – 4.49%
- 7 years – 4.99%
- 10 years – 5.99%
- 12 years – 6.99%

### Property eligibility?

- Owner-occupied
- 1-4 unit, residential

### Other key points?

- Available statewide – not tied to a utility
- No money down, fixed monthly payments, no prepayment penalty
- Up to 25% of the loan can be used for “other/related” measures

# Smart-E Loan

## Borrower Eligibility



## Credit Challenged

### Term Sheet

- 580+ credit score
- 50% debt-to-income ratio maximum
- DTI screen waived for 680+ credit scores

### Standard Term Sheet

- 640+ credit score
- 45% debt-to-income ratio maximum



[www.ctgreenbank.com/smart-e](http://www.ctgreenbank.com/smart-e)

# Smart-E Loan Program to Date



**Launched:** May 2013

**Total Closed Loans:** 5,790

**Total Capital Deployed:** \$88.4M

**Average Loan Amount:** \$15,264

**Average Credit Score:** 744

**Average Debt-to-Income:**  
18%

**Delinquency Rate:** 1.6%

**Default Rate:** 0.26%

**Charge Off Rate:** 2.1%

# ARRA Restructuring

## Notice of Future Proposal



**2012**



**2017**



**2021**



**Feb.  
2022**

CT Green Bank repurposed \$8.3M of American Recovery and Reinvestment Act ("ARRA") funds from grants to support financing programs through loan loss reserves and interest rate buydowns.

Deployment Committee and Board of Directors approved reallocation of approximately \$4.9M from LLRs to Smart-E IRBs, replaced with CT Green Bank funds.

To date, Smart-E has deployed about \$7.5M in ARRA funds across approximately 2,800 loans.

Smart-E program team will make a formal request to the Deployment Committee for approval to replace the remaining ARRA funds in LLR accounts (approximately \$800,000 with accrued interest, but amount TBD) with CT Green Bank funds and reallocate to deploy through IRBs.

# Deployment Committee

Agenda Item #4b

Incentive Programs

Smart-E Loan – Environmental Infrastructure

# Smart-E and Environmental Infrastructure Notice of Future Proposal



An internal working group has formed to assess:



A formal request for additional measures will be presented to the Deployment Committee beginning in February 2022.

# Deployment Committee

Agenda Item #5a  
Investments  
Skyview Ventures

# Skyview Facility Amendment



## Background and rationale

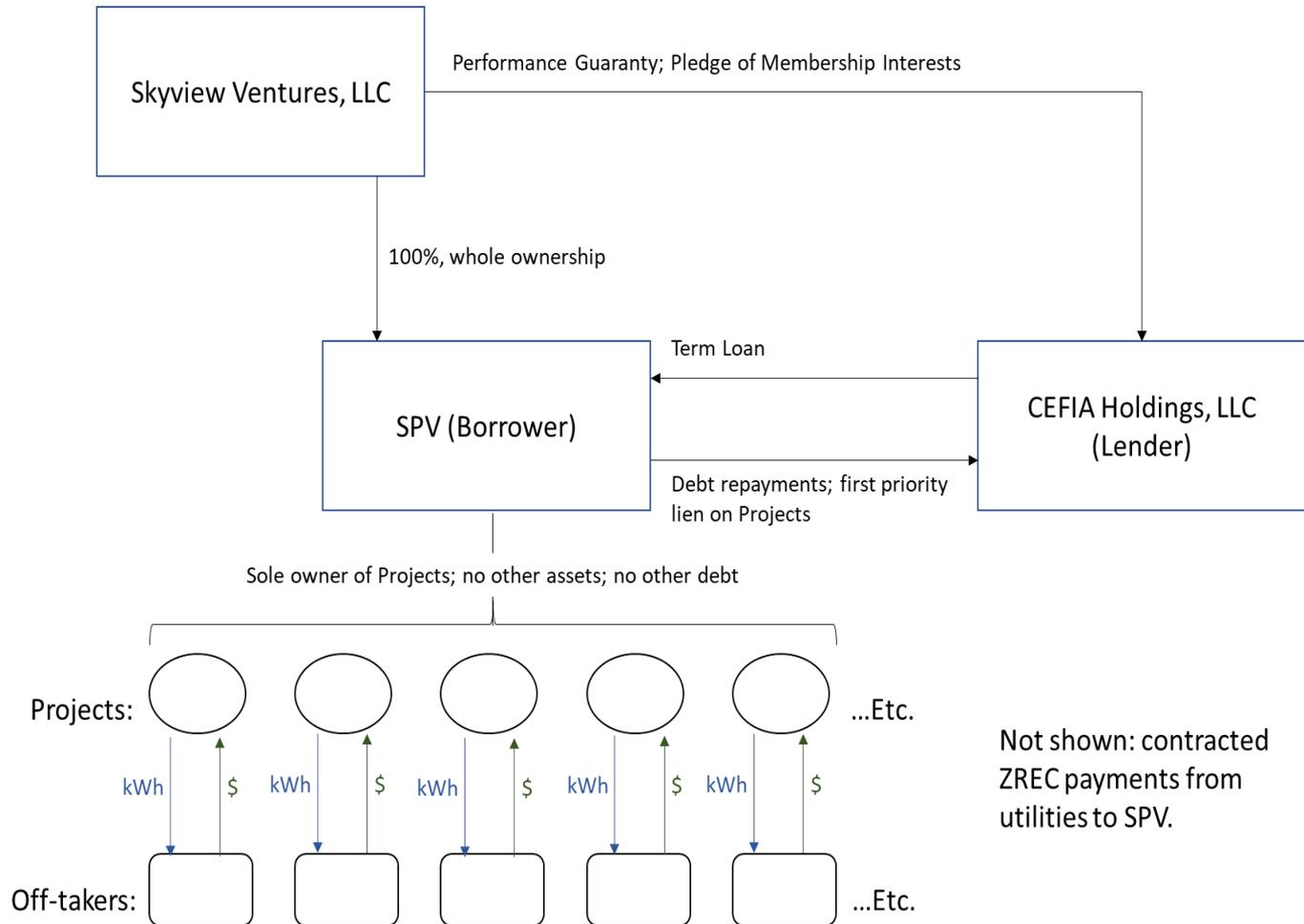
- **Background**– Senior secured term loan facility with a special purpose vehicle (“Skyview SPV”) 100% owned by Skyview Ventures LLC (commercial solar developer; in business since 2008)
  - Skyview SPV develops commercial solar power purchase agreement (“PPA”) projects in CT; now branching out to **energy storage solutions (“ESS”)**
  - \$4.9M deployed to date; 35 projects financed
- **Why amend?**– CGB supports the deployment of ESS in CT and Skyview SPV has pipeline of [REDACTED]. Skyview SPV also has commercial solar PPA pipeline of [REDACTED].

# Skyview Ventures

## Senior Secured Loan Facility



### Transaction Structure Diagram



# Skyview Ventures

## Senior Secured Loan Facility



### *Deployment to Critical Facilities & Underserved Municipalities*

	Total Projects	Schools	Critical Facilities	Underserved Communities
Existing Portfolio	35	12	7	1
Contracted Pipeline	[REDACTED]			
RFP Pipeline	[REDACTED]			

#### Contracted Pipeline

SkyView’s pipeline currently under contract is [REDACTED] and includes one critical facility and four projects in the City of Meriden which has a median income below the median income of the state.

#### RFP Pipeline

The rest of the pipeline consists of large projects that SkyView has submitted to an RFP (success rate has been [REDACTED] of RFPs they participate in)

# Skyview Facility Amendment



## Overview of controls & changes

- **Controls** – only finance ESS projects participating in CT ESS Incentive Program (“Program”), i.e. projects that:
  - Use commercially available tech
  - Use equipment w/ 10 yr warranties
  - Are reviewed and approved by utilities
- **Changes**
  - Increase total commitment from \$7M to \$10M
  - Allow for financing of ESS projects: construction (in amount to match Program upfront incentive); and term debt.

# Skyview Ventures

## Senior Secured Loan Facility



### *Risks and Mitigants*

- **Operational risk** – revenue, and ultimately DSCR, depend on production (kWh) performance
- **Mitigants:**
  1. Diligence: Originally – about half of projects had been operational for 3+ years and had achieved [REDACTED] of expected production
  2. Same diligence performed on collateral as on CGB-developed commercial solar assets
  3. Stress tested cashflows: even at 90% of expected production, DSCR typically ~1.15x
  4. Generally, for a DSCR of 1.00x, production would have to be 20% below expectations for duration of the term

# Skyview Ventures

## Senior Secured Loan Facility



### *Risks and Mitigants*

- **Default risk** – Skyview fails to make debt repayments
- **Mitigants:**
  1. The debt is sized such that DSCR is 1.30x, providing a healthy buffer
  2. The advance rate is generally ~70% (DSCR dependent)
  3. Downside scenario (CGB takes ownership of the collateral) is within our operational comfort zone (CGB has 20 MW commercial solar assets under management)
  4. CGB Investments Team very experienced in asset management, operation, maintenance and resolution of performance matters (C-TEC is 3<sup>rd</sup> party O&M provider)

## Resolution #2



**NOW**, therefore be it:

**RESOLVED**, that the Green Bank Deployment Committee (the “Deployment Committee”) recommends to the Board for its approval staff’s request to amend and restate the Board’s existing approval of the Existing Term Loan transaction as described in the Project Qualification Memo submitted by the staff to the Deployment Committee and dated June 18, 2021 (the “Memorandum”) to include ESS projects to be qualified for future advances within the increased limit of \$10,000,000 on terms and conditions substantially consistent with those described in the Memorandum as a Strategic Selection and Award pursuant to the Green Bank Operating Procedures Section XII given the special capabilities, uniqueness, strategic importance, urgency and timeliness, and multi-phase characteristics of the Existing Term Loan transaction.

# Deployment Committee

## Agenda Item #6a

### Financing Programs

### Small Business Energy Advantage

# SBEA Loan Purchase Facility



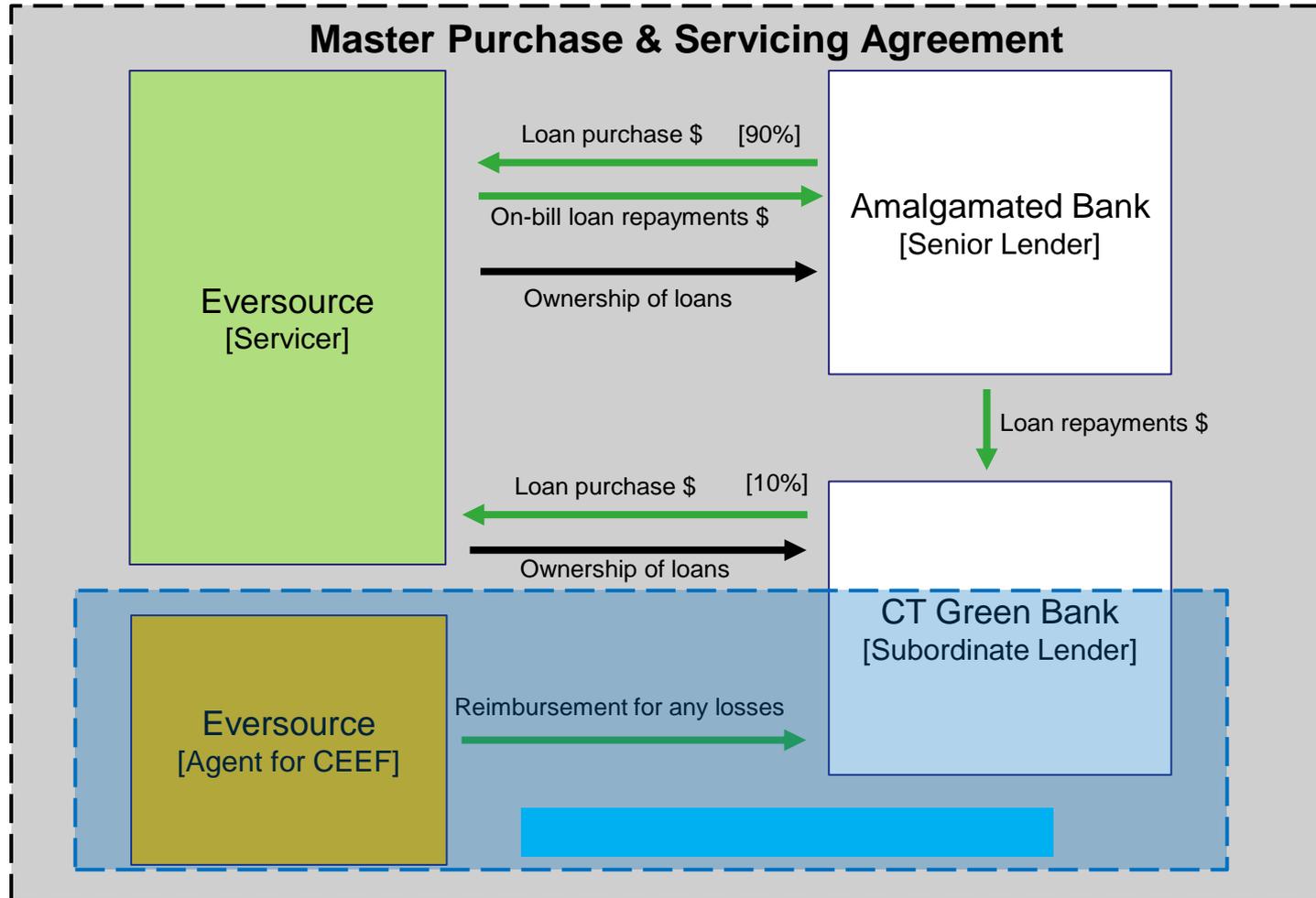
## Investment Summary

- **Opportunity**: Purchase Eversource SBEA Loans using facility funded with Amalgamated Bank and Green Bank capital
- **Terms & Rate**: 3-year commitment to purchase Eversource SBEA “Qualifying Loans” at an equivalent rate currently equal to 30-day LIBOR + 2.25% -- Aim to close by end of 2021
- **Green Bank Participation**: See next slide (moving from flat 10% to 20% + flexibility)
- **Green Bank Exposure**: Green Bank investment will be protected against losses by guaranty from Eversource (as an agent of CEEF)
- **Private Capital Leverage**: \$80 million in senior debt from Amalgamated Bank (generally 4 : 1)
- **Green Bank Strategic Selection (via Eversource RFP)**:
  - Originally sourced via an RFP issued by Eversource
  - Addressed EEB and Green Bank Joint Committee shared goal “to identify and engage alternative capital sources to lower the cost of and increase opportunities for project financing.”
  - Reduced the cost to CEEF of SBEA financing for Eversource customers and makes capital currently deployed in SBEA loans available for CEEF programs to the benefit of ratepayers
  - Established a valuable and collaborative relationship between Green Bank and Eversource that will be template for delivering similar solution for United Illuminating
- 22○ Amalgamated Bank is America's largest B Corporation bank with \$4 billion in assets

# SBEA Loan Purchase Facility Structure Diagram



>2,700 loans purchased = >\$72,000,000



# Small Business Energy Advantage

## Renewal Request



### Current

**CGB 10% / AB: 90%**

- **CGB \$6.55 million**
- **AB \$59.0 million**
- **Total \$65.55 million**

### Request

**CGB 20% / AB: 80%**

**(generally – with flexibility)**

- **CGB \$30.0 million**
- **AB \$80.0 million**
- **Total \$110.0 million**

CGB has proposed certain changes for program effectiveness & enhance CGB revenue

- Increase CGB's share of the loans from 10% to 20%
- Increase maximum term length from 4 years to 7 years to allow longer payback measures and more comprehensive projects
- Increase access to capital for all eligible borrowers
  - Increase business customer loan limit to \$1m. Individual loan limit would remain \$100k but businesses with multiple properties could undergo projects across more of their portfolio
  - Uncap municipal aggregate loan balance, which is currently \$1m. Individual loan limit would remain at \$1m but munis could do multiple projects across their building portfolio that in the aggregate exceed \$1m

# Deployment Committee

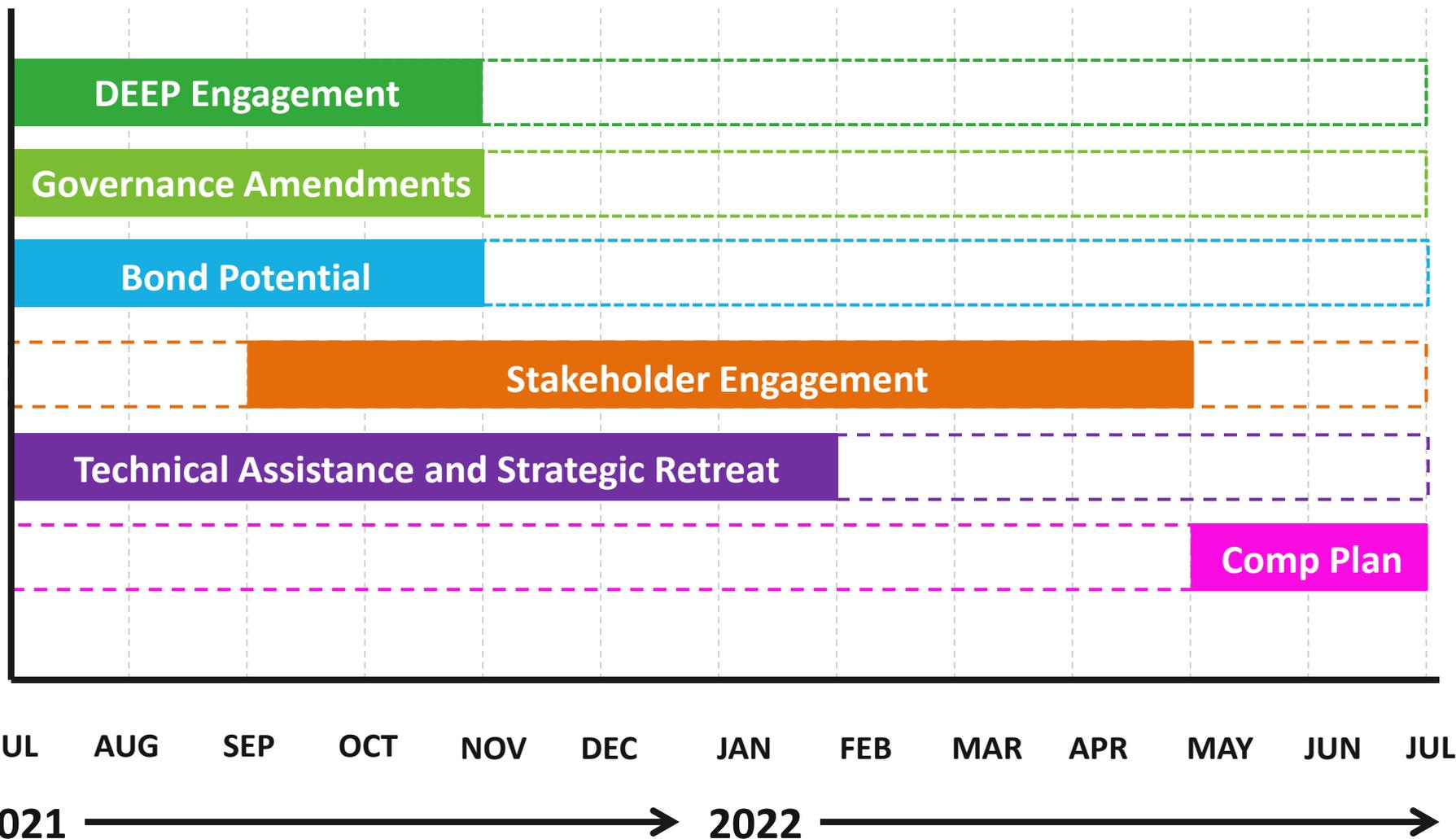
## Agenda Item #7a

### Environmental Infrastructure Programs

# Environmental Infrastructure



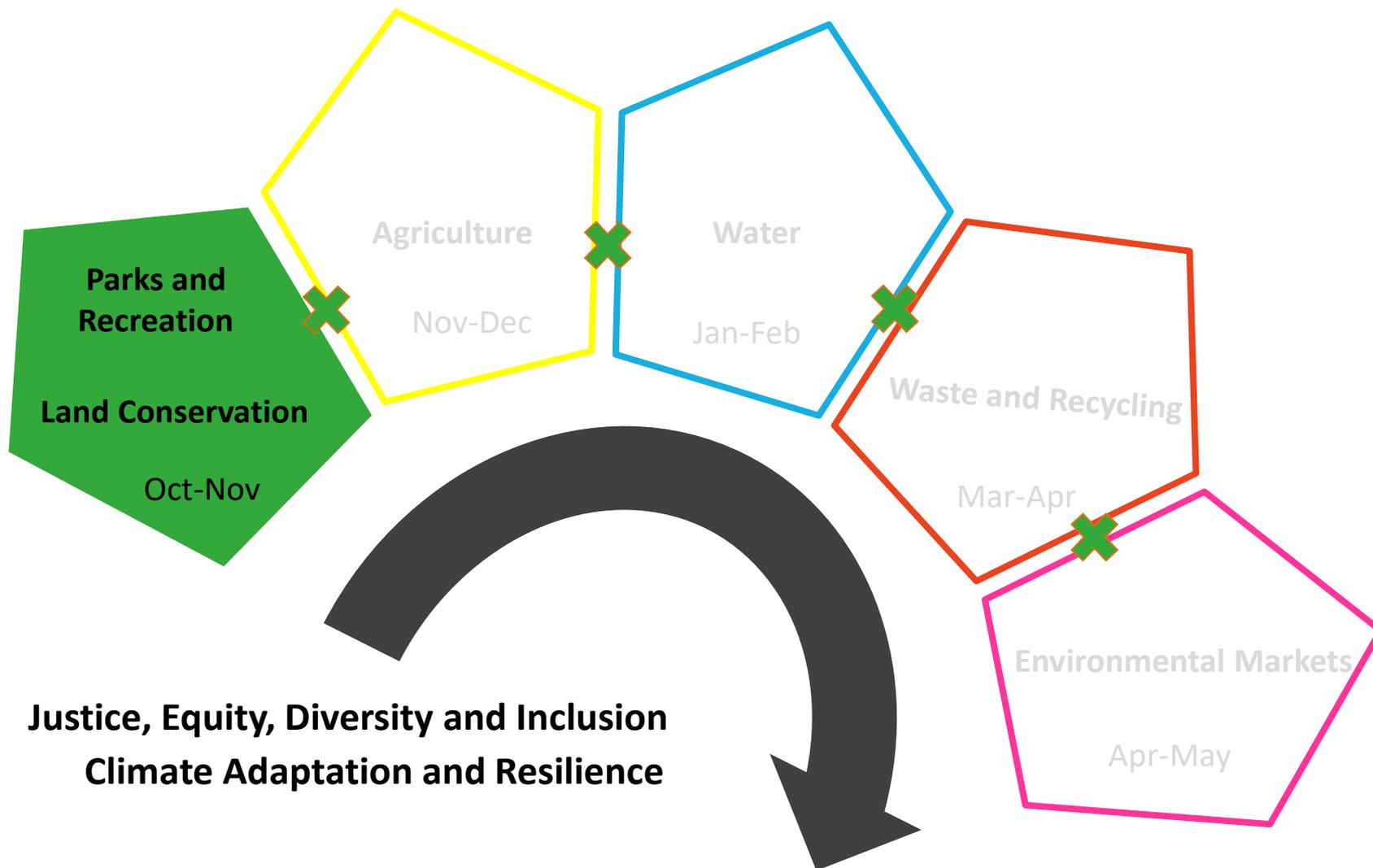
## Comprehensive Plan Timeline and Deliverables



# Environmental Infrastructure



## Stakeholder Engagement Approach by Topic



# Land Conservation

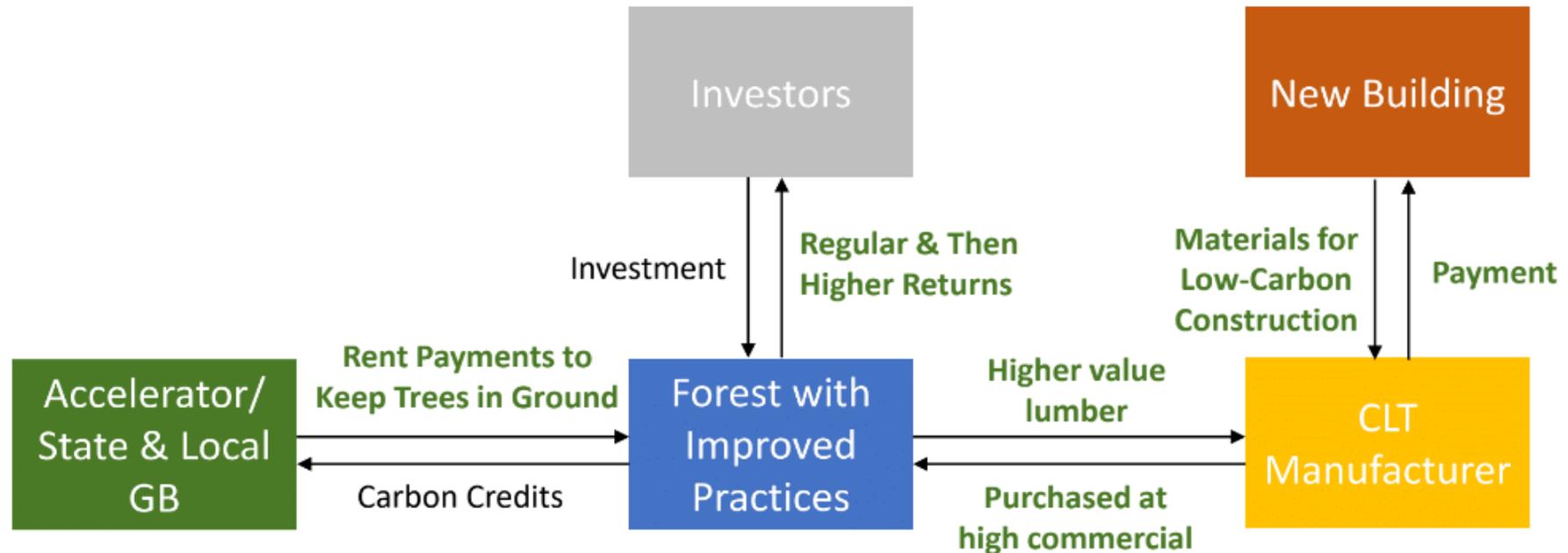
## Initial Findings (DRAFT)



- **Confront Climate Change** – preserving and conserving (i.e., management) open space provides both mitigation and adaptation investment opportunities consistent with our mission
- **Open Space Goal** – per CGS 23-8, there is a goal of 21% of state land area to be held by open space land by 2023
- **Market Potential** – of the 3.2 MM acres of land, 510,249 acres have been conserved (i.e., 76% of open space goal) by state and partners
- **Funding Programs** – there are various state and federal funding (e.g., OSWA, RNHTP, FLP, LWCF) and financing (e.g., SRF) programs
- **Potential Opportunities** – support DEEP with SRF from BIF towards NBS, and enable environmental justice investments (e.g., preserve Remington Woods in Bridgeport)

# Land Conservation

## Financing Approach – Carbon Offsets



Financing projects that **generate carbon offsets** (and other ecosystem services) through **improved forest management**, and selling over long-term at a pre-specified price to a **credit-worthy buyer** (e.g., Fortune 500 company)...possibly **issue Green Liberty Bond to raise capital** upfront – analogous to RSIP & SHRECs

# Deployment Committee

Agenda Item #8  
Other Business

# Deployment Committee

Agenda Item #9  
Adjourn



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

Wednesday, September 22, 2021  
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 September 22, 2021.

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

Committee Members Present: Binu Chandy (DECD), Victoria Hackett (DEEP), Matt Ranelli, and Lonnie Reed

Committee Members Absent: None

Staff Attending: David Beech, Sergio Carrillo, Shawn Cartelli, Mackey Dykes, Brian Farnen, Bryan Garcia, Sara Harari, Bert Hunter, Cheryl Lumpkin, Jane Murphy, Dan Smith, and Mike Yu

Others present:

**1. Call to Order**

- Bryan Garcia called the meeting to order at 2:04 pm.

**2. Public Comments**

- No public comments.

**3. Consent Agenda**

**Resolution #1**

Motion to approve the minutes of the Deployment Committee meeting for September 8, 2021.

**Upon a motion made by Lonnie Reed and seconded by Binu Chandy, the Deployment Committee voted to approve Resolution 1. None opposed and Victoria Hackett abstained. Motion approved.**

**4. Financing Program Updates and Recommendations**  
**a. C-PACE Project (Hartford)**

## Subject to Changes and Deletions

- Mackey Dykes summarized the proposed project at 1200 Park St in Hartford. It is a 489 kW system spread across 3 systems for a total of \$892,926. The projected savings are over 45,000 MMBtu. The project developer and installer is Verogy, LLC who are located in Hartford and is a key installer of C-PACE projects. The property is owned by a prominent Hartford developer who has been expanding recently. The area is a strip mall that fared well during the height of the COVID-19 pandemic with no evictions and no late payments from renters. It is backed by all the standard senior C-PACE tax assessment and repaid through the property taxes bi-annually for 25 years. Mike Yu added that the property has a strong, consistent revenue stream and meets all of the standard Green Bank underwriting and savings-to-investment ratio (SIR) requirements.
  - Lonnie Reed asked if the property could have a plaque or sign installed advertising the Green Bank's presence, and Mackey Dykes agreed that it is a good idea and said that at a minimum, successful projects have a press release. Binu Chandy noted that it is a good point and that project signs are installed if given any state funding, so it may be worthwhile to include into contracts for the Green Bank, which Mackey Dykes agreed with and said he would look into for the future.

### **Resolution #2**

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

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

**WHEREAS**, the Green Bank seeks to provide a \$892,926 term loan under the C-PACE program to 1200 Park Street LLC., the building owner of 1200 Park Street, Hartford, Connecticut (the "Loan"), to finance the construction of specified clean energy measures in line with the State's Comprehensive Energy Strategy and the Green Bank's Strategic Plan.

**NOW**, therefore be it:

**RESOLVED**, that the President of the Green Bank and any other duly authorized officer of the Green Bank is authorized to execute and deliver the Loan in an amount not to be greater than one hundred ten percent of the Loan amount with terms and conditions consistent with the memorandum submitted to the Green Bank Deployment Committee (the "Committee") dated September 22, 2021, and as he or she shall deem to be in the interests of the Green Bank and the ratepayers no later than 120 days from the date of authorization by the Committee;

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

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

## Subject to Changes and Deletions

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

### **5. Incentive Programs Updates**

- Sergio Carrillo summarized the RSIP program update. Both RSIP and RSIP-E are fully subscribed as of September 17, 2021. It will be a few months until all the projects complete, but the RSIP program has 342.8 MW of completed projects and 7.2 MW of approved projects, while RSIP-E has 5.3 MW of completed projects and 25.3 MW of approved projects, leaving 1.4 MW of available capacity but about twice as much in projects are submitted to the approval queue. The RSIP team is working with the EDCs on the transition to the Renewable Energy Tariff as well.
- Sergio Carrillo reviewed other updates including an interim decision issued by PURA on Docket No. 21-08-02 and it reflects the Green Bank's advocacy efforts to promote a beneficial program structure to ratepayers. The 2022 tariff rates were reviewed.
  - Victoria Hackett asked if the transition to the tariff is on track to begin on January 1, 2022. Sergio Carrillo said yes as the utilities are taking it as a mandate and that they will be ready on time, with some delays on the billing side. They are conducting webinars with contractors to prepare them for the program.
- Sergio Carrillo gave an update on the Revenue Grade Meter replacements, which is at a point where the PSAs with three vendors have been negotiated and the Incentives team is working with Marketing staff to plan customer outreach. Field work is anticipated to begin the week of October 11, 2021.
- As for the Battery Storage Incentive Program, PURA issued a final decision back at the end of July. PURA is taking a cost-effective approach and requested a Ratepayer Impact Measure be greater than 1.4, meaning there would be no negative impact on ratepayers. There are 26 Orders included in the Final Decision and 12 of them are due on October 1, 2021. The Green Bank is involved in several of these orders and has been making steady progress and remains on track. Bryan Garcia added an overall summary and highlighted that the progress is coming along well.

### **6. Investment Updates**

- Bert Hunter summarized the status of the FCE Groton project and Historic Cargill Falls project.
- Bert Hunter summarized the Green Liberty Bonds updates for Tranche 5 and Tranche 6. Tranche 5 has been approved by PURA, and is about \$20 million, and Tranche 6 will not move forward for approval until late 2021 or early 2022, and would be about \$10 million. He noted possibility of merging the two Tranches in order to be more efficient when bringing the bond to market. This would mean bringing the bonds to market in early 2023. The Green Bank has good capital for operations so there is no rush to bring those Tranches to market.
- David Beech reviewed the Green Liberty Notes option done with Raise Green which would allow retail investors a more affordable option to invest. They would be issued every quarter.
- Bert Hunter noted the PosiGen project lease refinancing is set to close on October 1, 2021. After closing of this refinancing, the Green Bank can expect a net exposure reduction of \$6.9 million.

Subject to Changes and Deletions

**7. Other Business**

- Bert Hunter highlighted a story about a PosiGen customer service representative in Texas who went above and beyond to help a customer in need in the wake of the recent storms.

**8. Adjourn**

**Upon a motion made by Lonnie Reed and seconded by Victoria Hackett, the Deployment Committee Meeting adjourned at 2:42 pm.**

Respectfully submitted,

Bryan Garcia, President & CEO of the Connecticut Green Bank

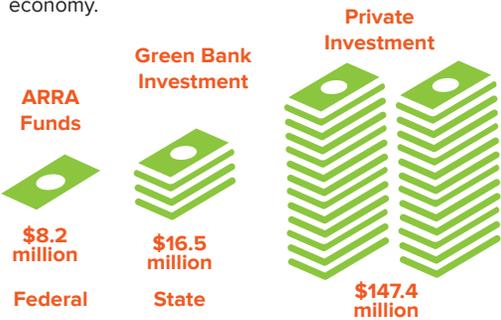
DRAFT

# Impact of ARRA Funds in Connecticut

Through our partnership with the Department of Energy & Environmental Protection (DEEP), the Connecticut Green Bank has used \$8.2 million in American Recovery and Reinvestment Act of 2009 (ARRA) funds to create more than \$163.9 million of investment into residential clean energy products by attracting private investment alongside its credit enhancements and incentives. (all data as of 12-31-2020).

## INVESTMENT

**Investment** Through use of ARRA funds, the Green Bank has mobilized over **\$163.9 million** of investment into the State's economy.



**Leverage ratio** The leverage of ARRA funds to Green Bank dollars and private investment is shown below.



For every **\$1** of ARRA investment, we attract **\$19.9** of public and private investment.

## ENERGY

**Energy burden** Through the use of ARRA funds, the Green Bank has reduced the energy costs on Connecticut families living in single family and multifamily properties by **\$141 million** over the life of the projects.



**8,709 families**

## ECONOMIC DEVELOPMENT

**Jobs** The use of ARRA funds has helped the Green Bank support the creation of more than **2,000** direct, indirect, and induced job-years.

**2,064 direct, indirect and induced job years**

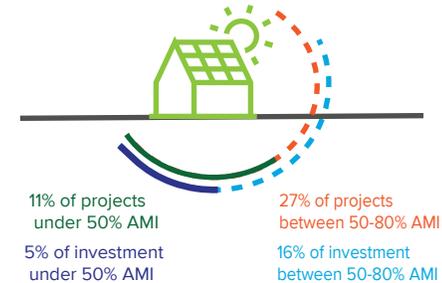


**Tax revenues** The ARRA funds helped drive activities that helped generate an estimated **\$9.2 million** in state tax revenues.



## EQUITY

**Accessible and affordable** The Green Bank strives for no less than 40% of investment and benefits directed to vulnerable communities.



**21% of investment and 38% of projects were made in census tracts below 80% AMI\***

**Public health** The ARRA funds helped improve the lives of families, allowing them to avoid sick days, hospital visits, and even death.



**\$21.6 - \$48.9 million of lifetime public health value created**

\* Measured at the census tract level or by family income.

## ENVIRONMENTAL PROTECTION

**Deployment** The ARRA funds helped the Green Bank deploy more than **24 megawatts** of clean energy and lifetime savings of over **3.8 million MMBTUs** through energy efficiency projects.



**Renewable Energy Deployment and Energy Efficiency Improvements**

**Pollution** The ARRA funds helped avoid air emissions that cause climate change and worsen public health, including **578,554 pounds of SOx** and **640,137 pounds of NOx**.

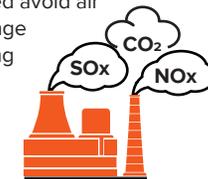
**639,629 tons of CO2**

which equals



**9.6 million** tree seedlings grown for 10 years

or



**125,362** passenger vehicles driven for one year

# Memo

**To:** Deployment Committee, Connecticut Green Bank

**From:** Louise Della Pesca, Associate Director, Clean Energy Finance and Bert Hunter, EVP & CIO

**CC:** Bryan Garcia, President and CEO; Brian Farnen, General Counsel and CLO; Jane Murphy, EVP Finance and Administration

**Date:** November 12, 2021

**Re:** Deployment Committee recommendation to approve Skyview facility expansion to enable energy storage debt financing

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## Introduction

In 2020, Connecticut Green Bank (“CGB”) arranged a senior secured term loan facility (“Term Loan Facility”) to finance the development, longer term financing and refinancing of solar PV projects owned by a special purpose vehicle of Skyview Ventures LLC (“Skyview SPV”). After multiple amendments approved by the CGB Board of Directors (the “Board”), the Term Loan Facility commitment now stands at \$7 million and 35 projects, deploying \$4.9M of the commitment, have been financed to date. This memorandum makes a request for recommendation to the Board to approve an amendment to the Term Loan Facility documentation to (1) increase the commitment to \$10 million; (2) enable financing of energy storage solutions (“ESS”) projects in Connecticut; and (3) enable Skyview SPV to reborrow such amounts until the expiration of the availability period for new projects so long as the commitment as increased is not breached.

## Background

Since its approval in March of 2020, the existing Term Loan with Skyview SPV has expanded from \$2.3M to \$7M. Through nine separate advances, CGB has deployed \$4.9M against 35 solar facilities, representing a total of 3.5MW capacity. 70% of the facility has been deployed in approximately 18 months and Skyview SPV has a healthy pipeline of projects in development. As of October month end, approximately \$4.6M is outstanding under the facility.

The most recent memorandum to the Board concerning the Term Loan, dated June 2021, is included as Appendix 2.

In July 2021, the Public Utilities Regulatory Authority issued a Final Decision in Docket No. 17-12-03RE03 establishing a statewide electric storage program (herein referred to as “CT ESS Incentive Program” or the “Program” because the official program name has not been released). The Program launches January 1, 2022 and is designed to encourage the deployment of ESS, such as lithium-ion batteries, in CT through the use of upfront and long-term performance-based financial incentives. Consequently, Skyview SPV is now developing approximately [REDACTED] ESS projects in Connecticut. The ESS projects would be located at sites where Skyview SPV owns solar PV projects that CGB has financed under the Term Loan. CGB has the opportunity to finance Skyview SPV’s ESS projects and thereby contribute to the important state goal of energy storage deployment.

Figure 1 is an indicative structure that Skyview SPV seeks to use in monetizing ESS projects.

Fig.1

[REDACTED]

### Amendment to Term Loan Facility documentation

An amendment to the Term Loan Facility is required to allow for financing Skyview SPV’s ESS projects. A term sheet (Appendix 1) details the structure of the amended Term Loan Facility. Specifically regarding the ESS financing, key terms are:

- \$2.5M out of an amended total facility size of \$10M carved out for financing ESS projects
- Two advances per ESS project: first to be repaid by the upfront incentive received under the Program (plus accrued interest at [REDACTED]), second to be repaid over a 10-year term (coterminous with life of ESS project)
- Interest rate for second advance will be dependent on the credit profile of the ESS project off-taker and will be pegged to the interest rate for solar PV financing under the facility, with a discount of [REDACTED] to account for the shorter term length (10 years for ESS projects vs. 15-20 years for solar PV projects).

The debt service coverage ratio and advance rate terms of the facility will be unchanged at 1.30x and <75% respectively.

Skyview SPV intends to participate in the CT ESS Incentive Program. This is an important diligence point for CGB because the Program itself will have parameters that enhance the ‘bankability’ of ESS projects. For example, to participate in the Program, the ESS project must, amongst other requirements:

- Use commercially available technology

- Use equipment that has 10-year warranties including manufacturer warranties on maintaining battery power capacity for 10 years
- Adhere to all applicable building, structural and local codes
- Have a design that is reviewed and approved by the electric distribution company during the interconnection application process.

CGB will conduct further diligence on ESS projects and reserves the right in the loan documentation to not finance any project that does not meet its diligence requirements, including but not limited to:

- CGB review and approval of the major contracts associated with the ESS projects (\*)
- Use of 'tier 1' equipment in the construction of the projects
- CGB review and approval of operations and maintenance contracted program

(\*) For example, the ESS Program allows for the direct payment of performance-based incentives partially to wholly to third-parties. Green Bank, as part of its security package, will arrange for a security interest in these payments similar to the security interest Green Bank obtains with respect to ZREC payments.

### Ratepayer Payback

*How much clean energy is being produced (i.e. kWh over the projects' lifetime) from the project versus the dollars of ratepayer funds at risk?*

Under the amended Term Loan Facility, the portfolio of financed assets would consist of solar PV and ESS projects. The solar PV projects produce clean energy but the ESS projects do not but to maintain their federal tax benefits (ITC and accelerated depreciation) are expected to be recharged using solely energy from the solar PV systems and not the grid.

The total portfolio of solar PV projects is expected to produce 113,000,000 kWh of energy, over a 20-year period, and the amended Term Loan Facility is up to \$10.0M. The kWh / \$ ratepayer funds at risk is forecast to be 11.3.

### Capital Extended

*How much of the ratepayer and other capital that Green Bank manages is being expended on the project?*

The amended Term Loan Facility will not exceed \$10.0M in outstanding principal as of the end of the availability period, however due to principal repayments during the availability period, actual advances may exceed \$10 million somewhat.

### Strategic Selection

This transaction falls within the parameters of a strategic selection, subject to Board approval, for the reasons outlined below.

- **Special Capabilities** – Skyview, the parent company of Skyview SPV, has over a decade of experience in developing, owning, and operating commercial solar PV

assets. Specifically, it has experience in the Connecticut market and, with its wholly owned development subsidiaries, is vertically integrated unlike its industry peers. The ESS industry is more nascent than solar, but Skyview's strategy to pair ESS with existing solar PV projects that it owns leverages its project experience.

- **Uniqueness** – While the Term Loan Facility is very similar to transactions previously entered into by CGB, it differs because (a) the majority of the Projects that will secure the Term Loan are already operational, (b) the Projects were not developed by CGB itself, and (c) the Term Loan Facility will be partly used to finance ESS projects, which is a first for CGB;
- **Strategic Importance** – The Term Loan Facility represents a continuation of a business relationship with a counterparty that CGB has successfully and smoothly transacted with in the past and is likely to transact with in future. For example, CGB continues to develop commercial solar PPA projects with underserved off-takers and Skyview has a track record of purchasing such projects from CGB and has expressed an interest in doing so in future. Further, by providing the Term Loan Facility to Skyview that includes ESS financing, CGB is setting a precedent and defining a process for future similar transactions that can provide a source of investment income to support the long-term sustainability of the organization;
- **Urgency and Timeliness** – CGB seeks to deploy capital in mission-driven transactions with appropriate levels of risk and return. This transaction meets this criteria and Skyview has expressed the desire to close quickly as it ramps up development of ESS projects; and
- **Multiphase Project** - Successful amendment of the Term Loan Facility would represent a follow-on transaction from the existing facility which has been successful to date (financing 35 solar PPA projects so far) and branches out into a new technology (ESS).

## Recommendation

In conclusion, staff requests that Deployment Committee make a recommendation to the Board to approve an amendment to the Term Loan as a strategic selection to allow for the opportunity to finance Skyview SPV's energy storage solutions projects.

## Resolutions

**WHEREAS**, the Connecticut Green Bank ("Green Bank") has significant experience in the development and financing of commercial solar PPA projects in Connecticut;

**WHEREAS**, the Green Bank has established a working relationship with a private sector Connecticut-based solar developer, Skyview Ventures LLC ("Skyview"), and through that relationship the Green Bank has an opportunity to deploy capital for the development of

clean energy in Connecticut, and specifically toward commercial solar PPA projects developed by Skyview in Connecticut (“Skyview PPA Projects”);

**WHEREAS**, the Green Bank is implementing a Sustainability Plan that invests in various clean energy projects and products to generate a return to support its sustainability in the coming years;

**WHEREAS**, the Board approved at its meeting held on March 25, 2020 to approve a senior secured loan facility (“Original Term Loan” transaction in an amount not to exceed \$2.3M as a Strategic Selection and Award pursuant to the Green Bank Operating Procedures Section XII given the special capabilities, uniqueness, strategic importance, urgency and timeliness, and multi-phase characteristics of the Original Term Loan transaction;

**WHEREAS**, the Board approved at its meeting held on April 24, 2020 to expand the Original Term Loan transaction to an amount not to exceed \$3.5M (the “Modified Term Loan”);

**WHEREAS**, the Board approved at its meeting held on October 23, 2020 to expand the Modified Term Loan transaction to an amount not to exceed \$7M (the “Existing Term Loan”);

**WHEREAS**, 70% of the available Existing Term Loan has already been advanced to finance Skyview PPA Projects;

**WHEREAS**, the Green Bank supports the goal of increasing the deployment of energy storage in the state, while ensuring that resilience and environmental justice objectives are being met;

**WHEREAS**, in light of the financial incentives available (starting 2022) for the deployment of energy storage solutions (“ESS”) projects, Skyview is developing a pipeline of ESS projects in CT; and

**WHEREAS**, given the rate of utilization of the Existing Term Loan by Skyview for Skyview PPA Projects, and the opportunity to develop ESS projects, following diligence of Green Bank staff, Green Bank staff proposes increasing the Existing Term Loan size and amending its terms to allow for ESS project financing, and requests that the Deployment Committee recommend staff’s request to the Board for approval.

**NOW**, therefore be it:

**RESOLVED**, that the Green Bank Deployment Committee (the “Deployment Committee”) recommends to the Board for its approval staff’s request to amend and restate

the Board's existing approval of the Existing Term Loan transaction as described in the Project Qualification Memo submitted by the staff to the Deployment Committee and dated June 18, 2021 (the "Memorandum") to include ESS projects to be qualified for future advances within the increased limit of \$10,000,000 on terms and conditions substantially consistent with those described in the Memorandum as a Strategic Selection and Award pursuant to the Green Bank Operating Procedures Section XII given the special capabilities, uniqueness, strategic importance, urgency and timeliness, and multi-phase characteristics of the Existing Term Loan transaction.

Submitted by: Louise Della Pesca, Associate Director, Clean Energy Finance and Bert Hunter, EVP & CIO

## Appendix 1: Term Sheet to Expand the Size and Remit of the Term Loan with Skyview SPV

### **Indicative Summary of Terms and Conditions Skyview Pequonnock, LLC Expansion of Senior Secured Loan Facility to \$10,000,000 to Include Energy Storage Solution Financing**

November 3, 2021

*For Discussion Purposes Only – Confidential – This is Not a Commitment*

*This Indicative Summary of Terms and Conditions or Preliminary Term Sheet describes certain of the principal terms and conditions of the proposed line of credit described below, is for discussion purposes only and is not to be construed in any way as a commitment or undertaking of CEFIA Holdings LLC, or any of its subsidiaries or affiliates, to provide a loan or any other type of financing. This Preliminary Term Sheet supersedes any and all prior correspondence, written and oral, concerning a proposed loan with regard to the proposed loan facility. The actual terms and conditions under which CEFIA Holdings LLC may be willing to provide the loan facility to the Borrower (as hereinafter defined) shall be subject to, inter alia, (i) satisfactory completion by CEFIA Holdings LLC of its due diligence process in scope and with results satisfactory to Green Bank in Green Bank's sole and absolute discretion, (ii) the accuracy and completeness of all representations that Performance Guarantor (on your behalf and on behalf of Borrower) make to Green Bank, (iii) obtaining necessary internal credit approvals and Green Bank Board of Director authorization and the negotiation, execution and delivery of definitive documentation consistent with the proposed terms herein and otherwise satisfactory to CEFIA Holdings LLC and Green Bank (iv) no change, occurrence or development shall occur or shall have occurred that has had or could reasonably be expected to have a material adverse effect on the Performance Guarantor or Borrower, their respective businesses or the contemplated collateral for the proposed credit facility and (v)(1) all financial projections concerning the Borrower that have been or are hereafter made available to CEFIA Holdings LLC and Green Bank by the Performance Guarantor or any of its representatives (or on your or their behalf) (the "Projections") have been or will be prepared in good faith based upon reasonable assumptions and (2) all information, other than Projections, which has been or is hereafter made available to CEFIA Holdings LLC and Green Bank by the Performance Guarantor or any of its representatives (or on your or their behalf) in connection with any aspect of the transactions contemplated hereby, as and when furnished, is and will be complete and correct in all material respects and does not and will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained therein not misleading. The pricing and terms included in this Preliminary Term Sheet are based on market conditions on the date hereof and are subject to change.*

**Borrower:** Skyview Pequonnock LLC (the "Borrower")

**Performance Guarantor:** Skyview Ventures, LLC (whole and direct owner of Borrower)

**Lender:** CEFIA Holdings, LLC

**Loan Facility:** Expansion of the current facility from \$7,000,000 to \$10,000,000 (the "Commitment"), available under multiple advances, with \$2,500,000 (the "ESS Limit") carved out for financing energy storage solution ("ESS") projects.

For ESS projects specifically, two advances per project will offered, as follows:

- Advance A: in an amount not to exceed the upfront incentive approved for the project by the program administrators of the Connecticut Electric Storage Program ("CT ESS Incentive Program"), with a financing term that ends at the earlier of: the commercial operation date of the project; or [to be determined following review of finalized CTT ESS incentive program rules]. Advance A (principal and accrued interest) is repayable in full at the end of its term and is herein referred to as Incentive Financing; and
- Advance B: in an amount to be determined by Lender's due diligence (in particular, following review of the longer term incentives offered by the CT ESS Incentive Program), term debt with either sculpted or mortgage style amortization, with a financing term not to exceed 10 years from the date of the advance.

Financing term for commercial solar projects will be dependent on underlying Major Contract term lengths and is not expected to exceed 20 years.

**Use of Proceeds:** The Loan Facility will be used for the development and longer-term financing and re-financing of commercial solar and ESS assets in the state of CT.

**Availability Limits and Period:** Fully available at closing until December 31 2023 for use in the development and longer term financing and re-financing of commercial solar PV and ESS projects located in the state of CT. Principal repaid by the Borrower during the availability period is eligible to be reborrowed for new eligible projects provided the outstanding balance under the Loan Facility does not breach either the Commitment or the ESS Limit.

**Security:** All obligations to Lender will be secured by:

1. First priority perfected security interest in and lien on and collateral assignment of the Borrower's existing and future assets, including pledged equity interests of Borrower indirectly owned by the Performance Guarantor, and the proceeds thereof;
2. Borrower's right, title and interest in all accounts, contract rights, rights to payment of a monetary obligation or other consideration to receive payments by virtue of being counterparty to power purchase agreements, zero emissions renewable energy credit contracts, ESS revenue sharing and CT ESS Incentive Program agreements (collectively, "Major Contracts");
3. Assignment of all warranties, licenses, insurance policies and proceeds related to any of the foregoing, and general intangibles.

Collateral to be further defined in the definitive documentation for the loan facility.

**Interest Rate:**

- For Incentive Financing: [REDACTED] on a 360 day basis
- For term financing with a maturity more than 10 years but not in excess of 20 years, interest rate (on a 360 day basis) will be dependent on counterparty to Major Contracts, indicatively:
  - o State: [REDACTED]
  - o Municipal: [REDACTED] for issuers of investment grade debt; between [REDACTED] otherwise, dependent on financial underwriting of municipality
  - o Affordable housing: [REDACTED]
  - o Other: [REDACTED]
- For term financing with a maturity of 10 years and less, the above rates will be reduced by [REDACTED]
- The above rates may be modified from time to time for the benefit of Borrower to take advantage of Green Bank promotional interest rate programs.

**Financial Covenants:** The collateral portfolio must maintain a DSCR of 1.30x, tested annually. For solar PV projects, the total loan amount advanced will not exceed 75% ("Advance Rate") of collateral portfolio forecast earnings before interest, tax, depreciation and amortization ("EBITDA"), and such EBITDA will be discounted at 5.50% to arrive at the Advance Rate. For ESS projects, the Advance Rate will be determined on a project by project basis following Lender due diligence.

**Closing Fee:** [REDACTED], payable at the closing of each advance.

**Reporting Covenants:** To be defined within loan documentation, but should expect: annual financial statements of Borrower and Performance Guarantor; annual payment performance history of customers of the commercial solar projects (collateral); annual operational performance (kWh) reports of collateral.

**Other Terms and Conditions:** To be defined within loan documentation, but should expect: events of default, cross default, default interest rate and late charges, remedies, indemnities, operating performance and operations and maintenance provisions, distributions of cash flow, deposit accounts control matters, liability, property casualty and business interruption insurance, annual financial statements of Borrower and Performance Guarantor; annual payment performance history of customers of the commercial solar projects (collateral); annual operational performance (kWh) reports of collateral.

**Expenses:** Following execution of this Term Sheet and once the negotiation and documentation process commences, the Borrower shall reimburse CGB for the costs and expenses, including the fees of outside counsel, incurred by CGB in connection with the negotiation, preparation and execution of the documentation to expand the Loan Facility, whether or not it closes, up to \$5,000.

**Enabling Statute and State Contracting:** The Green Bank is subject to the requirements outlined in Sections 16-245n of the Connecticut General Statutes and Borrower will be responsible for complying with applicable state contracting requirements.

**Governing Law and Forum:** Connecticut

## Appendix 2: Memo to Board for approval of amendment of key terms of \$7M Term Loan

# Memo

**To:** Board of Directors, Connecticut Green Bank

**From:** Louise Della Pesca, Associate Director, Clean Energy Finance and Bert Hunter, EVP & CIO

**CC:** Bryan Garcia, President and CEO; Brian Farnen, General Counsel and CLO; Jane Murphy, EVP Finance and Administration

**Date:** June 18, 2021

**Re:** Amendment of CGB's Existing Senior Secured Term Loan to Skyview Ventures LLC's Special Purpose Vehicle

### Introduction

This memorandum offers an update to the Connecticut Green Bank ("CGB") Board of Directors ("Board") on the performance of the existing senior secured term loan facility ("Term Loan") with Skyview Ventures LLC and makes a request to approve an amendment to the Term Loan documentation such that future advances under the facility may be made under revised commercial terms. At its meeting held May 26, 2021, the CGB Deployment Committee passed a resolution recommending that the Board approve the amendment of the Term Loan.

### Background: Existing Term Loan with Skyview Ventures LLC

Since its approval in March of 2020, the existing Term Loan with Skyview Venture LLC's wholly owned special purpose vehicle ("Skyview SPV") has expanded to \$7M. Through six separate advances, CGB has deployed \$3.5M against 28 solar facilities, representing a total of 2.6MW clean energy capacity financed. Table 1 below details the history of the loan facility:

Table 1 – History of expansion of Skyview SPV Term Loan

Date of Board Approval	Total Facility Size, MM	Further Detail
March 25, 2020	\$2.3	Appendix D: Terms of Original Loan
April 24, 2020	\$3.5	Appendix C: Board Memo
October 23, 2020	\$7.0	Appendix B: Board Memo
April 23, 2021	\$7.0 – additional 10 projects added to approved pipeline	Appendix A: Board Memo

## Term Loan Performance

- Borrower (Skyview SPV) is current on quarterly principal and interest payments
- Projects have generated an average of █████ of expected lifetime production (kWh).
- 27 of 28 project off-takers are current on payments under the power purchase agreements, and one off-taker is one month late in making payment but this delinquency is expected to be resolved quickly.

## Amendment to Term Loan documentation

Staff has been in the process of reviewing CGB's interest rates across a range of product and risk categories, including funding in respect of our Commercial Property Assessed Clean Energy ("C-PACE") program and Commercial Solar PPA with Inclusive Prosperity Capital ("IPC") and others (such as Skyview). This review was taken up in the context of a determined softness in CGB's markets for these activities, lower market interest rates more generally, comments from the marketplace across a range of counterparties, including several C-PACE contractors and developers, commercial solar PPA developers, solar funds (including IPC, Skyview, and others) that the funding rates demanded by CGB had become uncompetitive in the market. This was not always the case – and CGB has been careful to stay abreast of market terms. But the gap between CGB's rates and the markets has now expanded to the point where – unless corrective action is taken – CGB will become less relevant in the market for funding generally. We see this as contrary to our goal of being a part of and helping to expand and invigorate the market, particularly for state projects, municipal projects and affordable multifamily projects. Maintaining a portfolio of transactions also helps with CGB's fiscal sustainability, in line with the Board's directive for CGB to work itself toward self-sustainability over time (Board meeting December 2017).

Accordingly, in line with this realignment of interest rates, staff propose amending the terms of future advances to Skyview SPV to maintain the attractiveness and competitiveness of the facility. If the Term Loan is brought in line with the wider debt market, Skyview has expressed to CGB it is more likely to utilize the Term Loan to finance its development of commercial solar projects in CT. Skyview's pipeline is currently over 6MW, which represents an excellent opportunity to deploy CGB capital. Table 2 summarizes the proposed amendment to the terms of future advances.

Table 2: Comparison of existing terms to proposed amended terms for future advances

	Existing	Proposed amendment
Interest rate	█████	Dependent on off-taker: <ul style="list-style-type: none"> <li>- State: █████</li> <li>- Municipal: █████ for issuers of investment grade debt; between █████ otherwise, dependent on financial underwriting of municipality</li> <li>- Affordable housing: █████</li> </ul>

		- Other: [REDACTED]
Term length	15 years	Up to 25 years (to not exceed the remaining PPA term length of underlying project(s)) <sup>1</sup>
Debt service coverage ratio	No lower than 1.30x	No lower than 1.30x
Advance Rate	Up to 70%	Up to 75%

CGB will conduct the same due diligence activities on projects financed under the amended terms as it has on projects it has financed to date. CGB reserves the right in the loan documentation to not finance any project that does not meet its diligence requirements, including but not limited to:

- Lower of a 1.30x DSCR or a 75% advance rate (using a discount factor equivalent to interest rate on the advance)
- CGB review and approval of the major contracts associated with the PPA Projects (PPA, engineering, procurement and construction agreement, renewable energy credit contract)
- Use of 'tier 1' equipment in the construction of the projects
- CGB review and approval of operations and maintenance contracted program
- Underwriting of offtaker / review of evidence that offtaker has recently issued investment grade rated debt (or that a credit rating on outstanding debt has been affirmed as investment grade) OR the PPA obligation is being secured through the C-PACE program.

### Ratepayer Payback

*How much clean energy is being produced (i.e. kWh over the projects' lifetime) from the project versus the dollars of ratepayer funds at risk?*

The total portfolio is expected to produce 105,000,000 kWh of energy, over a 20-year period, and the Term Loan is up to \$7.0M. The 'kWh / \$ ratepayer funds at risk' metric is forecast to be 15.

### Capital Extended

*How much of the ratepayer and other capital that Green Bank manages is being expended on the project?*

The Term Loan will not exceed \$7.0M, as approved in the October 23, 2020 Board meeting.

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<sup>1</sup> NOTE: This "up to 25-year" standard is in line with our lending terms with solar PV transactions funded 100% by C-PACE advances and would only apply for PPA's to investment grade customers or those customers where the PPA obligation is secured through C-PACE.

## Strategic Selection

In the memorandum to the Board dated March 18, 2020 (Appendix 3), staff outlined the reasons why the Term Loan transaction with Skyview falls within the parameters of a strategic selection. The rationale in the March 18, 2020 memorandum still apply as well as the additional information provided herein.

## Recommendation

In conclusion, based on the good performance of the Term Loan and the underlying assets that secure it, and the opportunity to finance similar assets going forward, staff requests that Deployment Committee make a recommendation to the Board to approve an amendment to the Term Loan to ensure that it is a competitive and attractive financing option.

## Resolutions

**WHEREAS**, the Connecticut Green Bank (“Green Bank”) has significant experience in the development and financing of commercial solar PPA projects in Connecticut;

**WHEREAS**, the Green Bank continually seeks new ways to work with private sector partners to meet the demonstrated need for flexible capital to continue expanding access to financing for commercial-scale customers looking to access solar and savings via a PPA;

**WHEREAS**, the Green Bank has established a working relationship with a private sector Connecticut-based solar developer, Skyview Ventures LLC (“Skyview”), and through that relationship the Green Bank has an opportunity to deploy capital for the development of clean energy in Connecticut, and specifically toward commercial solar PPA projects developed by Skyview in Connecticut (“Skyview PPA Projects”);

**WHEREAS**, the Green Bank is implementing a Sustainability Plan that invests in various clean energy projects and products to generate a return to support its sustainability in the coming years;

**WHEREAS**, based on diligence of Green Bank staff for a senior secured loan facility (“Original Term Loan”) the Green Bank Deployment Committee (the “Deployment Committee”) passed resolutions at its meeting held on February 27, 2020 to recommend to the Green Bank Board of Directors (the “Board”) the approval of the Term Loan transaction in an amount not to exceed \$2.3M as a Strategic Selection and Award pursuant to the Green Bank Operating Procedures Section XII;

**WHEREAS**, the Board passed resolutions at its meeting held on March 25, 2020 to approve the Original Term Loan transaction in an amount not to exceed \$2.3M as a Strategic Selection and Award pursuant to the Green Bank Operating Procedures Section XII given the special capabilities, uniqueness, strategic importance, urgency and timeliness, and multi-phase characteristics of the Original Term Loan transaction;

**WHEREAS**, the Board passed resolutions at its meeting held on April 24, 2020 to expand the Original Term Loan transaction to an amount not to exceed \$3.5M (the “Modified Term Loan”);

**WHEREAS**, the Board passed resolutions at its meeting held on October 23, 2020 to expand the Modified Term Loan transaction to an amount not to exceed \$7M (the “Existing Term Loan”);

**WHEREAS**, at its meeting held May 26, 2021, the Green Bank Deployment Committee recommended that the Board approve staff’s request to amend and restate the Board’s existing approval of the Existing Term Loan transaction on terms and conditions substantially consistent with those described in the memorandum presented to the Deployment Committee.

**NOW**, therefore be it:

**RESOLVED**, that the Board approves staff’s request to amend and restate the Board’s existing approval of the Existing Term Loan transaction as described in the memorandum submitted by the staff to the Board and dated June 18, 2021 (the “Memorandum”) on terms and conditions substantially consistent with those described in the Memorandum as a Strategic Selection and Award pursuant to the Green Bank Operating Procedures Section XII given the special capabilities, uniqueness, strategic importance, urgency and timeliness, and multi-phase characteristics of the Existing Term Loan transaction.

Submitted by: Louise Della Pesca, Associate Director, Clean Energy Finance and Bert Hunter, EVP & CIO

## Appendix A: Resolutions passed by Board of April 23, 2021 to increase number of approved projects under Term Loan facility

**WHEREAS**, the Connecticut Green Bank (“Green Bank”) has significant experience in the development and financing of commercial solar power purchase agreement (“PPA”) projects in Connecticut;

**WHEREAS**, the Green Bank continually seeks new ways to work with private sector partners to meet the demonstrated need for flexible capital to continue expanding access to financing for commercial-scale customers looking to access solar and savings via a PPA;

**WHEREAS**, the Green Bank has established a working relationship with a private sector Connecticut-based solar developer, Skyview Ventures LLC (“Skyview”), and through that relationship the Green Bank has an opportunity to deploy capital for commercial solar PPA projects developed by Skyview in Connecticut (“Skyview PPA Projects”);

**WHEREAS**, the Green Bank is implementing a Sustainability Plan that invests in various clean energy projects and products to generate a return to support its sustainability in the coming years;

**WHEREAS**, based on diligence of Green Bank staff for a senior secured loan facility (“Original Term Loan”) the Green Bank Deployment Committee (the “Deployment Committee”) on February 27, 2020 recommended to the Green Bank Board of Directors (the “Board”) the approval of the Term Loan transaction in an amount not to exceed \$2.3M as a Strategic Selection and Award pursuant to the Green Bank Operating Procedures Section XII;

**WHEREAS**, the Board passed resolutions at its meeting held on March 25, 2020 to approve the Original Term Loan transaction in an amount not to exceed \$2.3M as a Strategic Selection and Award given the special capabilities, uniqueness, strategic importance, urgency and timeliness, and multi-phase characteristics of the Original Term Loan transaction;

**WHEREAS**, the Board authorized the expansion of the Original Term Loan transaction in an amount not to exceed \$3.5M on April 24, 2020 (the “Modified Term Loan”);

**WHEREAS**, the Board authorized the expansion of the Modified Term Loan transaction to an amount not to exceed \$7M on October 23, 2020 (the “Existing Term Loan”); and

**WHEREAS**, based on an expanding pipeline of Skyview PPA Projects and diligence of Green Bank staff, Green Bank staff proposes the expanded pipeline be approved for future advances within the limits of the Existing Term Loan.

**NOW**, therefore be it:

**RESOLVED**, that the Board hereby amends and restates its approval of the Existing Term Loan transaction as described in the Project Qualification Memo submitted by the staff to the Board and dated April 18, 2021 (the "Memorandum") to include the expanded project pipeline of Skyview PPA Projects to be qualified for future advances within the \$7,000,000 limit of the Existing Term Loan on terms and conditions substantially consistent with those described in the Memorandum as a Strategic Selection and Award pursuant to the Green Bank Operating Procedures Section XII given the special capabilities, uniqueness, strategic importance, urgency and timeliness, and multi-phase characteristics of the Existing Term Loan transaction; and

**RESOLVED**, that the proper Green Bank officers are authorized and empowered to do all other acts and execute and deliver all other documents as they shall deem necessary and desirable to effect these resolutions.

## Appendix B: Memo to Board for approval of \$7M Term Loan

# Memo

**To:** Board of Directors, Connecticut Green Bank

**From:** Louise Della Pesca, Associate Director, Clean Energy Finance and Bert Hunter, EVP & CIO

**CC:** Bryan Garcia, President and CEO; Brian Farnen, General Counsel and CLO

**Date:** October 14, 2020

**Re:** Financing for a Senior Secured Term Loan to Special Purpose Vehicle owned by Skyview Ventures LLC: Expansion from \$3.5M to \$7.0M

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### Introduction – Background to Request for Facility Expansion

At the Connecticut Green Bank (“CGB”) Board of Directors (“Board”) meetings held on March 25 and April 24, 2020, resolutions were passed to enable CGB to enter into a senior secured term loan facility (“Term Loan”) with a special purpose vehicle (“SPV” or “Borrower”) that is wholly owned by Skyview Ventures, LLC (“Skyview”). At its March 25, 2020 meeting, the Board approved a facility size of \$2.3M, which was then expanded to \$3.5M on the same economic terms by resolutions passed at the April 24, 2020 meeting. The memorandum presented to the Board at the April 24, 2020 meeting, including detail on the economic terms, transaction structure, and risks and mitigants, is found in Appendix 1.

Since Board approval was granted, CGB has entered into loan documentation with the Skyview SPV (the “Existing Term Loan”) and \$2.1M of capital has been deployed in three separate advances. Beyond the projects being financed under the Existing Term Loan, Skyview has continued to develop a pipeline of high quality commercial solar power purchase agreement projects (“PPA Projects”) with primarily municipal off-takers in Connecticut. The PPA Projects are due to achieve commercial operations in the remaining months of 2020 and into 2021. Skyview has offered CGB the opportunity to advance debt against these PPA Projects on the same economic terms as the Existing Term Loan via an expansion from \$3.5M to \$7.0M (the “Expanded Term Loan”).

This memorandum offers an update to the Board on the economic and energy production performance of the Existing Term Loan to date, and makes a request for approval of the increased transaction size of the Expanded Term Loan.

### Term Loan Performance

- Borrower is current on quarterly principal and interest payments

- Table 1 summarizes the energy production and off-taker payment performance of 20 PPA Projects<sup>2</sup> that CGB has advanced against to date.
- The weighted average energy production performance in the [year to date] is █████ of expectation, which is consistent with CGB’s own portfolio of commercial solar projects in 2020.
- When structuring the Term Loan, CGB stress-tested expected production and found that a 10% reduction in performance would still ensure a 1.18x debt service coverage ratio (“DSCR”).
- All but one of the 20 off-takers is fully current on monthly payments. One off-taker is delinquent by a single month, when a change in personnel resulted in a miscommunication on invoicing. Skyview is confident that the delinquency will be resolved.

Table 1 – Energy Production and Payment Performance of 20 PPA Projects since start of Term Loan

PPA Project	Off-taker payment status	Actual energy production as % of expected	Notes
Goshen Center School	Current	█████	
Senior Center	Current	█████	Inverter manufacturer requested Skyview to trial the use of a smaller inverter, resulting in poor performance. Inverter manufacturer has since compensated Skyview for underperformance.
Transfer Station	Current	(See Notes)	Meter communication system failed twice, leaving Skyview with no production data until REC meter data can be accessed (4 month lag time)
South School	Current	█████	
Penfield Pavilion	Current	█████	
Fairfield Regional Fire School	Current	█████	
Egan Center	Current	█████	
West Shore School	Current	█████	
Animal Shelter 2	Current	█████	
Jennings Firehouse	Current	█████	
Transfer Station Roof	Current	█████	
Wood Middle School 1	Current	█████	Inverter issue in Q2 brought down performance; now fixed.

<sup>2</sup> One PPA Project that CGB has made a Term Loan advance against, Unquowa School, has only one month of operating history and has been excluded from the analysis in Table 1.

PPA Project	Off-taker payment status	Actual energy production as % of expected	Notes
Jennings Beach	Current		
Animal Shelter	Current		
Public Library	Current		
Reef Fire Department	Current		
Operation Hope	Current		
Fairfield Theater	Current		
REC Center	Current		
Duncaster Retirement Center	Delinquent on August 2020 only		Commissioning problems resulted in July underperformance; system is on target from August onward.
	<b>Weighted average:</b>		

### Overview of Collateral - Update

When it was sized to \$3.5M, the Term Loan was projected to finance 26 PPA Projects. So far, 21 PPA Projects have been financed. Table 2 summarizes Skyview's updated financeable pipeline of PPA Projects under and expanded Term Loan.

Table 2 – Skyview PPA Project Pipeline, 2020 and 2021

[Redacted]

CGB will conduct the same due diligence activities on PPA Projects in the expanded pipeline as it has on PPA Projects it has financed to date. CGB reserves the right in the loan documentation to not finance any PPA Project that does not meet its diligence requirements, including but not limited to:

- Lower of a 1.30x DSCR or a 70% advance rate (using a discount factor of 5.50%)
- CGB review and approval of the major contracts associated with the PPA Projects (PPA, engineering, procurement and construction agreement, renewable energy credit contract)
- Use of 'tier 1' equipment in the construction of the PPA Projects
- CGB review and approval of operations and maintenance contracted program
- Underwriting of off-taker / review of evidence that off-taker has recently issued investment grade rated debt

### Ratepayer Payback

*How much clean energy is being produced (i.e. kWh over the projects lifetime) from the project versus the dollars of ratepayer funds at risk?*

The portfolio is expected to produce 80,000,000 kWh of energy, over a 15 year period, and the Term Loan is up to \$7.0M. The kWh / \$ ratepayer funds at risk is forecast to be 11.4.

### Capital Extended

*How much of the ratepayer and other capital that Green Bank manages is being expended on the project?*

The Expanded Term Loan will not exceed \$7.0M.

### Recommendation

In conclusion, based on the good performance of the Existing Term Loan and the underlying assets that secure it, as well as the proposed due diligence approach for future PPA Projects which could be financed by the Expanded Term Loan, and in light of the resolutions of the Board at the meeting on April 24, 2020 to approve a loan facility not to exceed \$3.5M, Staff recommends approval of the Expanded Term Loan proposal, with a loan facility not to exceed \$7.0M.

### Revised and Restated Resolutions

**WHEREAS**, the Connecticut Green Bank (“Green Bank”) has significant experience in the development and financing of commercial solar PPA projects in Connecticut;

**WHEREAS**, the Green Bank continually seeks new ways to work with private sector partners to meet the demonstrated need for flexible capital to continue expanding access to financing for commercial-scale customers looking to access solar and savings via a PPA;

**WHEREAS**, the Green Bank has established a working relationship with a private sector Connecticut solar developer, Skyview Ventures (“Skyview”), and through that relationship the Green Bank has an opportunity to deploy capital for the development of clean energy in Connecticut, and specifically toward commercial solar PPA projects developed by Skyview in Connecticut (“Skyview PPA Projects”);

**WHEREAS**, the Green Bank is implementing a Sustainability Plan that invests in various clean energy projects and products to generate a return to support its sustainability in the coming years

**WHEREAS**, based on diligence of Green Bank staff of the proposed senior secured loan facility (“Term Loan”) the Green Bank Deployment Committee (the “Deployment Committee”) passed resolutions at its meeting held on February 27, 2020 to recommend to the Green Bank Board of Directors (the “Board”) the approval of the Term Loan transaction in an amount not to exceed \$2.3M as a Strategic Selection and Award pursuant to the Green Bank Operating Procedures Section XII;

**WHEREAS**, the Board passed resolutions at its meeting held on March 25, 2020 to approve the Term Loan transaction in an amount not to exceed \$2.3M as a Strategic

Selection and Award pursuant to the Green Bank Operating Procedures Section XII given the special capabilities, uniqueness, strategic importance, urgency and timeliness, and multi-phase characteristics of the Term Loan transaction;

**WHEREAS**, the Board passed resolutions at its meeting held on April 24, 2020 to expand the approved the Term Loan transaction to an amount not to exceed \$3.5M; and

**WHEREAS**, based on an expanding pipeline of Skyview PPA Projects and diligence of Green Bank staff, Green Bank staff proposes the Term Loan be increased.

**NOW**, therefore be it:

**RESOLVED**, that the Board hereby amends and restates its approval of the Term Loan transaction as described in the Project Qualification Memo submitted by the staff to the Board and dated October 14, 2020 (the "Memorandum") to increase the amount of the Term Loan from \$3.5 million to \$7.0 million and on terms and conditions substantially consistent with those described in the Memorandum as a Strategic Selection and Award pursuant to the Green Bank Operating Procedures Section XII given the special capabilities, uniqueness, strategic importance, urgency and timeliness, and multi-phase characteristics of the Term Loan transaction; and

**RESOLVED**, that the proper Green Bank officers are authorized and empowered to do all other acts and execute and deliver all other documents as they shall deem necessary and desirable to effect this Resolution.

Submitted by: Louise Della Pesca, Associate Director, Clean Energy Finance and Bert Hunter, EVP & CIO

## Appendix C: Memo to Board for approval of \$3.5M Term Loan

# Memo

**To:** Board of Directors, Connecticut Green Bank

**From:** Louise Della Pesca, Associate Director, Clean Energy Finance; Desiree Miller, Senior Manager, Clean Energy Finance; Fiona Stewart, Manager, Clean Energy Finance; Mariana Cardenas Trief, Principal, Monte Verde Consulting LLC

**CC:** Bryan Garcia, President and CEO; Bert Hunter, EVP and CIO; Brian Farnen, General Counsel and CLO

**Date:** April 17, 2020

**Re:** Financing for a Senior Secured Term Loan to Special Purpose Vehicle owned by Skyview Ventures LLC in an amount not to exceed \$3.5M

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### Introduction – Update to Memorandum dated March 18, 2020

A version of this memorandum was submitted to the Board of Directors on March 18, 2020 and resolutions were passed by the Board at its meeting held on March 25, 2020 to approve a term loan facility in an amount not to exceed \$2.3M. Since the resolutions were passed on March 25, Skyview Ventures LLC presented the Connecticut Green Bank with an opportunity to expand the transaction up to \$3.5M on the same economic terms. This memorandum represents an update to the Board and a request for approval of the increased transaction size.

### Investment Summary

This credit memorandum sets out the rationale for advancing a senior secured loan facility (“Term Loan”) in an amount not to exceed \$3.5M to a Special Purpose Vehicle (“SPV” or “Borrower”) wholly owned by Skyview Ventures, LLC (“Skyview”). The proceeds of the Term Loan are being used to refinance a portion of Skyview’s development capital in commercial solar assets in Connecticut. Once this portion of development capital is refinanced with the Term Loan, Skyview will be able to use the proceeds from the refinancing to develop additional commercial solar assets in Connecticut. A summary of terms is provided in Appendix A. The interest rate on the Term Loan is [REDACTED] over a 15 year term, with arrangement fees of 1.00% due on closing. A first priority lien on the SPV’s assets, which comprise up to 26 operational commercial solar PPA projects (each “a Project” and, collectively, “Projects”) with up to 25 municipal and one (1) commercial off-takers in Connecticut, will secure the Term Loan.<sup>3</sup> A sculpted amortization schedule ensures that the forecast debt service coverage ratio (“DSCR”) is 1.30x throughout the term. The lender is CEFIA Holdings, LLC (“Holdings” or “Lender”), Connecticut Green Bank’s (“Green Bank”) commercial solar development subsidiary, and the borrower is a SPV owned by Skyview, a

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<sup>3</sup> See schedule of Projects (Appendix F)

Connecticut solar developer founded in 2008 with over [REDACTED] commercial solar assets (over [REDACTED] capacity) under management.

By advancing a Term Loan that is secured by assets that are very familiar to Green Bank, which itself has 20 MW of commercial solar assets under management, Holdings is operating within an acceptable risk tolerance to access long term interest income, thereby contributing to the organization's wider financial sustainability goals. In addition, Green Bank is fulfilling its role of promoting clean energy deployment by addressing a gap in the market due to transaction costs associated with financing these 'smaller portfolios' as further described below.

## Background

As part of Green Bank's commercial solar power purchase agreement ("PPA") investment program, the Green Bank Board of Directors approved \$15 M funding in July 2019 for "financing one or more 3<sup>rd</sup>-party ownership platforms, in the form of sponsor equity and/or debt" and also gave approval to "sell solar PPA projects developed by Holdings to third parties". With that mandate, Holdings closed a transaction with Skyview in the fourth quarter of 2019 ("Q42019") involving the sale of 6 commercial solar PPA projects and a concurrent term loan secured by the sold assets. The \$1.65 M term loan portion of the Q42019 transaction with Skyview was very similar to the investment being presented for approval by this memo: [REDACTED] interest rate, secured by a first priority lien on commercial solar assets, 15 year term, 1.35x DSCR. The Q42019 transaction established precedential terms, covenants, and documentation, all of which have reduced the transaction costs associated with this Term Loan.

Following the successful close of the Q42019 transaction, Skyview approached Green Bank to gauge interest in advancing a Term Loan, secured by up to 19 operational commercial solar PV assets with Connecticut municipality off-takers and the additional 7 Projects that soon will be placed in service.

Prior to approaching Green Bank, Skyview contacted private sector banks but discovered that the transaction costs associated with accessing debt across the size of the portfolio was challenging and proved too onerous. The smooth working relationship that Green Bank had established with Skyview, the indicative quality of the assets and cashflows contemplated as security for the Term Loan, and the use of Green Bank-preferred documentation were the determining factors as staff proceeded to conduct due diligence for the transaction.

## Overview of Skyview Ventures LLC

Skyview Ventures LLC is the parent company of 13 subsidiaries (Organizational Chart in Appendix B), which perform various renewable energy related business activities, including participating in the renewable energy credit ("RECs") markets, and developing and owning solar facilities.

Three of the subsidiaries' core business is trading renewable energy incentives (such as RECs) at the state level. These REC merchant businesses provide the majority of Skyview Ventures' earnings.

Two other subsidiaries, Davis Hill Development and Skychargers, are focused on the construction of clean energy assets such as solar facilities and electrical vehicle charging stations, which, once installed, are either sold to customers or are owned and operated by the remaining eight subsidiaries. The Green Bank has, prior to these transactions, entered into EPC contracts with Davis Hill Development.

The consolidated financial statements of Skyview are strong with average annual earnings before tax, depreciation and amortization (“EBITDA”) of [REDACTED] over the past three years. Net sales [REDACTED]. While this memo presents a ‘non-recourse’ Term Loan to a SPV of Skyview, and will be secured by PPA Projects without a payment guaranty from the parent, the financial health of the parent is considered a credit positive because Holdings will obtain a performance guaranty from the parent. The performance guaranty obligates Skyview to pay all costs and expenses associated with operating the PPA Projects that secure the Term Loan, which is why Staff reviewed the financial health of Skyview as part of the due diligence for this transaction.

### Overview of Collateral

The Term Loan will be secured by up to twenty six (26) projects located in Connecticut. Each Project off-taker, with the exception of one private school in Fairfield CT, is an investment grade rated municipality. The majority, 70%, of the Projects are / will be installed on Fairfield municipal buildings. The other Project off-takers are the municipalities of Newtown, Milford, New Canaan, and Goshen, and a private school in Fairfield. Below are details of the portfolio:

Table 1: Collateral Specifications – Full Portfolio<sup>4</sup>

Number of Projects	26
Portfolio Size (kW)	2,219
Average size of Projects (kW)	85.35
Average Age of Systems (years)	2.35
Weighted Average PPA rate (\$/kWh)	[REDACTED]
Weighted Average PPA annual escalator (%)	[REDACTED]
Weighted Remaining PPA Term (years)	18.86
Weighted ZREC Price (\$/MWh)	\$97.09
Weighted Remaining ZREC Term (years)	13.58

Table 1 shows that the weighted average remaining term of the PPAs exceeds the term of the Term Loan (15 years), which is important because the PPA revenue provides over 50% of the revenue stream for the Projects. The weighted average remaining term of the of the

<sup>4</sup> At the date of this memorandum, seven (7) out of twenty six (26) projects, which account for 33% of the portfolio by capacity, are subject to on-going diligence and may be excluded from the collateral pool. No loan advance will be made against a project that is excluded from the collateral pool.

ZREC contracts is less than the term of the Term Loan but, by sculpting the amortization profile of the Term Loan, the forecast DSCR will remain a healthy 1.30x.

Staff has conducted the following due diligence on the Projects:

- Reviewed the terms of the PPAs and found them to be commensurate with market expectations of such contracts, and reviewed ZREC terms to confirm value and term of the contracted revenue stream, in particular accounting for ZREC clipping<sup>5</sup> which reduces project revenue below what is explicitly noted in the ZREC contract but aligned with the ultimate size of the PV system.
- Reviewed interconnection agreements and utility authorization to interconnect to confirm that all Projects have permission to operate.
- Reviewed expected production figures to confirm that Projects are expected to generate revenues as outlined in a cashflow forecast model (extract at Appendix D)
- Reviewed actual generation figures for Projects in operation for more than three years to confirm production is aligned with expected production figures
- Reviewed as-built engineering drawings and / or engineering inspection reviews for each Project to confirm that the projects were constructed in accordance with their original design. This review confirmed the quality of equipment used in the Projects, to be 'Tier 1' modules, comparable to the equipment used by Holdings when developing commercial solar projects.

Appendix E summarizes the technical due diligence performed on the Projects, which resulted in no adverse findings<sup>6</sup>.

For the seven (7) projects that are in-construction at the date of this memorandum, an independent engineer will be engaged to perform a commissioning inspection prior to commercial operation date. Should the inspection raise adverse results, the project(s) in question will be excluded from the collateral pool and the associated loan financing will not be advanced.

Staff has reviewed the production and payment history of the already-operational Projects for the purposes of (a) evaluating actual vs. expected performance in terms of kWh produced, and (b) confirming that the off-takers are not delinquent or slow payers on the contracts.

As described in the *Operational Risk* section of this memo, the operational Projects have been meeting production forecasts, with weather-adjusted production relative to expected production ranging from [REDACTED] over the past three years.

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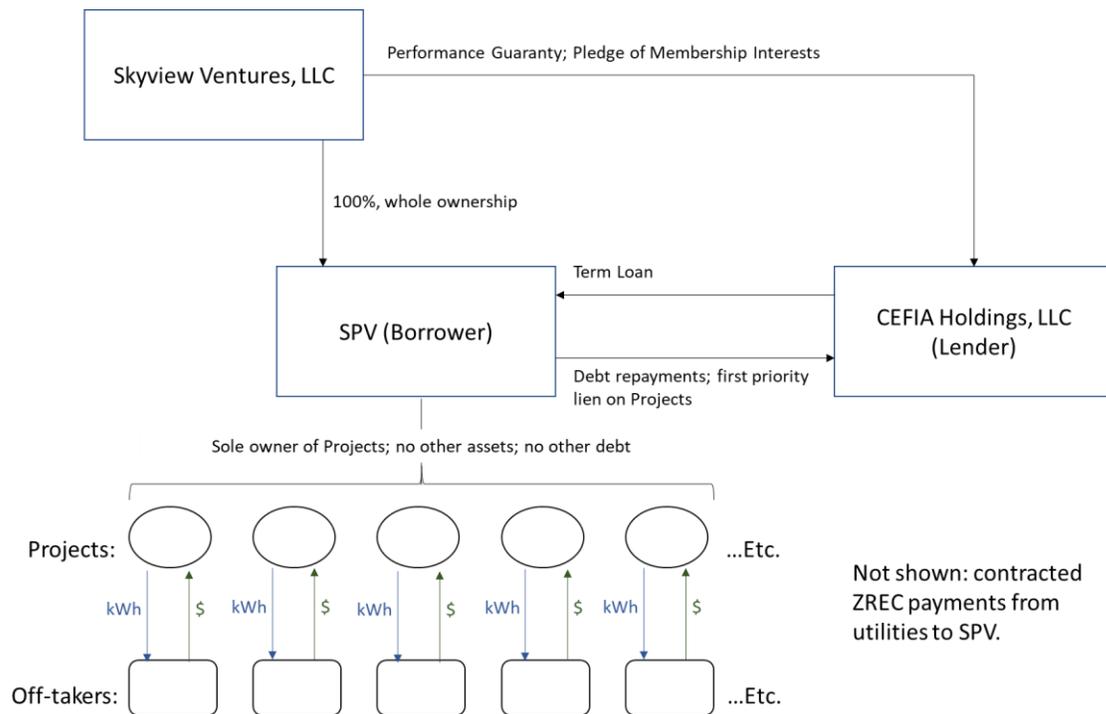
<sup>5</sup> ZREC clipping occurs when the actual size of a solar project, once built, is smaller than originally conceived at the time the ZREC contract for the project was obtained. When a ZREC contract is obtained, the contract states the size of the project and the number of ZRECs, each year, that project is permitted to generate. If the size of the project is subsequently decreased, the number of ZRECs it is permitted to generate is decreased on a pro-rata basis.

<sup>6</sup> At the date of this memorandum, seven (7) out of twenty-six (26) projects, which account for 33% of the portfolio by capacity, are subject to on-going diligence and may be excluded from the collateral pool. No loan advance will be made against a project that is excluded from the collateral pool.

Based on the Accounts Receivable Report provided by Skyview, the off-takers have a history of making timely payments. All four of the municipal off-takers are strong, investment grade credits (AA or better). Their credit ratings, determined at the time of their most recent bond issuances, are presented in Appendix C.

## Transaction Structure

Holdings will advance a Term Loan facility to a SPV that has no other debt and its only assets are the Projects that secure the Term Loan. The SPV services the Term Loan repayments from operating income earned by up to 26 PPA Projects.



## Risks and Mitigants

### Operational Risk

- Borrower's ability to service the debt repayments is dependent on how well the Projects operate, i.e., how much electricity they generate.
- 35% of the projects in the portfolio have been operational for at least three years, which means that Staff has a good dataset from which to analyze operational performance.
- Actual production of the operational projects in the portfolio was [REDACTED], compared to expected production (weather adjusted).

- For the projects in the portfolio that do not yet have operational track records, Staff performed diligence in the same manner as it does for projects developed internally to ensure production estimates are reliable<sup>7</sup>. This included comparison of expected yields (kWh / kW) to similar projects within Green Bank's 20 MW, 100+ commercial solar asset portfolio.
- Further, Staff stress tested the cashflow forecast model for the transaction to ensure that, even if the portfolio performed consistently 10% below production expectations, Borrower would still have adequate cash flow to repay debt service on the Term Loan (the stress tested DSCR was 1.18x).
- The 'break even' DSCR of 1.00x is reached when the entire portfolio performs at a level that is 22% below forecast production, which is a scenario that staff considers unlikely to occur based on the historical performance of the Green Bank portfolio.
- Borrower is required to maintain an Operations and Maintenance ("O&M") agreement for the duration of the Term Loan. A copy of the O&M contract has been reviewed by Staff and found to be commensurate with the O&M contract that Green Bank has in place for its owned commercial solar assets.

#### *Default Risk*

- Borrower is required to maintain a DSCR of 1.30x, tested annually, for the duration of the Term. Staff has developed a cashflow forecast model that supports the ability of Borrower to maintain the DSCR given the expected revenue and operating expenses.
- Further, reserves equivalent to 3 months of principal and interest payments will be funded at closing.
- If Borrower were to default on the Term Loan, Lender would be entitled to take ownership of the collateral (up to 26 PPA Projects). In this worst case downside scenario, the net present value ("NPV") of the EBITDA generated by the Projects under the remaining PPA terms is greater than the Term Loan amount, meaning the effective advance rate is 70%<sup>8</sup>.
- Given Green Bank's experience managing this type of asset, it has the appropriate internal expertise to manage the Projects and ensure the portfolio provides the expected cashflows.

#### *Construction Risk*

- Seven (7) of the twenty six (26) projects have not reached commercial operation. Loan advances will be scheduled such that Lender will not take any construction risk and funds will only be advanced for projects once they have passed an independent engineer's commissioning inspection and have reached commercial operation.

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<sup>7</sup> At the date of this memorandum, seven (7) out of twenty six (26) projects, which account for 33% of the portfolio by capacity, are subject to on-going diligence and may be excluded from the collateral pool. No loan advance will be made against a project that is excluded from the collateral pool.

<sup>8</sup> NPV assumes a 5.50% discount rate to mirror the interest rate on the Term Loan.

## Ratepayer Payback

*How much clean energy is being produced (i.e. kWh over the projects lifetime) from the project versus the dollars of ratepayer funds at risk?*

The portfolio is expected to produce 37,970,000kWh of energy, over a 15 year period, and the Term Loan is up to \$3.5M. The kWh / \$ ratepayer funds at risk is forecast to be 10.8.

## Capital Extended

*How much of the ratepayer and other capital that Green Bank manages is being expended on the project?*

The Term Loan will not exceed \$3.5M.

## Strategic Selection

This transaction falls within the parameters of a strategic selection, subject to Board approval, for the reasons outlined below.

- **Special Capabilities** – Skyview, the parent company of Borrower, has over a decade of experience in developing, owning, and operating commercial solar PV assets. Specifically, it has experience in the Connecticut market and, with its wholly owned development subsidiaries, is vertically integrated unlike its industry peers.
- **Uniqueness** – While the Term Loan is very similar to transactions previously entered into by Holdings, it differs because (a) the majority of the Projects that will secure the Term Loan are already operational, and (b) the Projects were not developed by Holdings itself;
- **Strategic Importance** – The Term Loan represents a continuation of a business relationship with a counterparty that Green Bank has successfully and smoothly transacted with in the past and is likely to transact with in future. For example, Green Bank continues to develop commercial solar PPA projects with underserved off-takers and Skyview has a track record of purchasing such projects from Green Bank and has expressed an interest in doing so in future. Further, by providing the Term Loan to Skyview, Green Bank is setting a precedent and defining a process for future similar transactions that can provide a source of investment income to support the long term sustainability of the organization;
- **Urgency and Timeliness** – Green Bank seeks to deploy capital in mission-driven transactions with appropriate levels of risk and return. This transaction meets this criteria and Skyview has expressed the need to close by April 30, 2020; and
- **Multiphase Project** - Successful execution of the Term Loan would represent a follow-on transaction from that which closed in Q42019, and will make use of the loan documentation previously agreed between parties. It is anticipated that Skyview will make further leveraged purchases of PPA projects that Holdings is developing in 2020.

## Recommendation

In conclusion, based on the diligence of the proposed Term Loan transaction meeting Green Bank underwriting criteria and in light of the resolution of the Board at the meeting on March 25, 2020 to approve a loan facility not to exceed \$2.3M, Staff recommends approval of this updated transaction, with a loan facility not to exceed \$3.5M, by the Board of Directors.

## Revised and Restated Resolutions

**WHEREAS**, the Connecticut Green Bank (“Green Bank”) has significant experience in the development and financing of commercial solar PPA projects in Connecticut;

**WHEREAS**, the Green Bank continually seeks new ways to work with private sector partners to meet the demonstrated need for flexible capital to continue expanding access to financing for commercial-scale customers looking to access solar and savings via a PPA;

**WHEREAS**, the Green Bank has established a working relationship with a private sector Connecticut solar developer, Skyview Ventures (“Skyview”), and through that relationship the Green Bank has an opportunity to deploy capital for the development of clean energy in Connecticut;

**WHEREAS**, the Green Bank is implementing a Sustainability Plan that invests in various clean energy projects and products to generate a return to support its sustainability in the coming years

**WHEREAS**, based on diligence of Green Bank staff of the proposed senior secured loan facility (“Term Loan”) in an amount not to exceed \$3.5M to a Special Purpose Vehicle (“SPV”) wholly owned by Skyview confirming that the Term Loan transaction meets Green Bank underwriting criteria, the Green Bank Deployment Committee (the “Deployment Committee”) passed resolutions at its meeting held on February 27, 2020 to recommend to the Green Bank Board of Directors (the “Board”) the approval of the Term Loan transaction in an amount not to exceed \$2.3M as a Strategic Selection and Award pursuant to the Green Bank Operating Procedures Section XII; and

**WHEREAS**, the Board passed resolutions at its meeting held on March 25, 2020 to approve the Term Loan transaction in an amount not to exceed \$2.3M as a Strategic Selection and Award pursuant to the Green Bank Operating Procedures Section XII given the special capabilities, uniqueness, strategic importance, urgency and timeliness, and multi-phase characteristics of the Term Loan transaction.

**NOW**, therefore be it:

**RESOLVED**, that the Board hereby amends and restates its approval of the Term Loan transaction as described in the Project Qualification Memo submitted by the staff to the Board and dated April 17, 2020 (the “Memorandum”) and on terms and conditions substantially

consistent with those described in the Memorandum as a Strategic Selection and Award pursuant to the Green Bank Operating Procedures Section XII given the special capabilities, uniqueness, strategic importance, urgency and timeliness, and multi-phase characteristics of the Term Loan transaction; and

**RESOLVED**, that the proper Green Bank officers are authorized and empowered to do all other acts and execute and deliver all other documents as they shall deem necessary and desirable to effect this Resolution.

Submitted by: Louise Della Pesca, Associate Director, Clean Energy Finance; Desiree Miller, Senior Manager, Clean Energy Finance; Fiona Stewart, Manager, Clean Energy Finance; Mariana Cardenas Trief, Principal, Monte Verde Consulting LLC.

## Appendix D: Original Term Sheet

**Indicative Summary of Terms and Conditions  
Skyview Ventures Special Purpose Vehicle  
Up to \$2,300,000 Senior Secured Loan Facility**

February 10, 2020

*For Discussion Purposes Only – Confidential – This is Not a Commitment*

*This Indicative Summary of Terms and Conditions or Preliminary Term Sheet describes certain of the principal terms and conditions of the proposed line of credit described below, is for discussion purposes only and is not to be construed in any way as a commitment or undertaking of CEFIA Holdings LLC, or any of its subsidiaries or affiliates, to provide a loan or any other type of financing. This Preliminary Term Sheet supersedes any and all prior correspondence, written and oral, concerning a proposed loan with regard to the proposed loan facility. The actual terms and conditions under which CEFIA Holdings LLC may be willing to provide the loan facility to the Borrower (as hereinafter defined) shall be subject to, inter alia, (i) satisfactory completion by CEFIA Holdings LLC of its due diligence process in scope and with results satisfactory to Green Bank in Green Bank's sole and absolute discretion, (ii) the accuracy and completeness of all representations that Performance Guarantor (on your behalf and on behalf of Borrower) make to Green Bank, (iii) obtaining necessary internal credit approvals and Green Bank Board of Director authorization and the negotiation, execution and delivery of definitive documentation consistent with the proposed terms herein and otherwise satisfactory to CEFIA Holdings LLC and Green Bank (iv) no change, occurrence or development shall occur or shall have occurred that has had or could reasonably be expected to have a material adverse effect on the Performance Guarantor or Borrower, their respective businesses or the contemplated collateral for the proposed credit facility and (v)(1) all financial projections concerning the Borrower that have been or are hereafter made available to CEFIA Holdings LLC and Green Bank by the Performance Guarantor or any of its representatives (or on your or their behalf) (the "Projections") have been or will be prepared in good faith based upon reasonable assumptions and (2) all information, other than Projections, which has been or is hereafter made available to CEFIA Holdings LLC and Green Bank by the Performance Guarantor or any of its representatives (or on your or their behalf) in connection with any aspect of the transactions contemplated hereby, as and when furnished, is and will be complete and correct in all material respects and does not and will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained therein not misleading. The pricing and terms included in this Preliminary Term Sheet are based on market conditions on the date hereof and are subject to change.*

***Borrower:*** A special purpose entity wholly and directly owned by Skyview Ventures, LLC (the "Borrower")

***Performance Guarantor:*** Skyview Ventures, LLC

***Lender:*** CEFIA Holdings, LLC

***Loan Facility:*** Up to \$2,300,000 available under multiple advances within a 12 month period, with a financing term not to exceed 15 years from the date of the final advance.

***Availability Limits:*** Fully available at closing for use in the development and longer term financing and re-financing of commercial solar PV projects located in the state of CT.

**Security:** All obligations to Lender will be secured by:

1. First priority perfected security interest in and lien on and collateral assignment of the Borrower's existing and future assets, including pledged equity interests of Borrower indirectly owned by the Performance Guarantor, and the proceeds thereof;

2. Borrower's right, title and interest in all accounts, contract rights, rights to payment of a monetary obligation or other consideration to receive payments by virtue of being counterparty to power purchase agreements and zero emissions renewable energy credit contracts;

3. Assignment of all warranties, licenses, insurance policies and proceeds related to any of the foregoing, and general intangibles.

Collateral to be further defined in the definitive documentation for the loan facility.

**Use of Proceeds:** The Loan Facility will be used for the development and longer-term financing and re-financing of commercial solar assets in the state of CT.

**Interest Rate:** [REDACTED] calculated on a 360 day basis.

**Financial Covenants:** The collateral portfolio must maintain a DSCR of not less than 1.30x, tested annually. The total loan amount advanced will not exceed 70% ("Advance Rate") of collateral portfolio forecast earnings before interest, tax, depreciation and amortization ("EBITDA"), and such EBITDA will be discounted at 5.50% to arrive at the Advance Rate.

**Closing Fee:** [REDACTED] of loan facility, payable at closing.

**Reporting Covenants:** To be defined within loan documentation, but should expect: annual financial statements of Borrower and Performance Guarantor; annual payment performance history of customers of the commercial solar projects (collateral); annual operational performance (kWh) reports of collateral.

**Other Terms and Conditions:** To be defined within loan documentation, but should expect: events of default, cross default, default interest rate and late charges, remedies, indemnities, operating performance and operations and maintenance provisions, distributions of cash flow, deposit accounts control matters, liability, property casualty and business interruption insurance, annual financial statements of Borrower and Performance Guarantor; annual payment performance history of customers of the commercial solar projects (collateral); annual operational performance (kWh) reports of collateral.

**Expiration:** The proposal herein shall not be a basis for negotiation unless definitive documentation is executed and delivered not later than April 15, 2020.<sup>9</sup>

**Expenses:** The Borrower shall reimburse CGB for the costs and expenses, including the fees of outside counsel, incurred by CGB in connection with the preparation and execution of the Loan Facility, whether or not it closes, up to \$10,000.

**Enabling Statute and State Contracting:** The Green Bank is subject to the requirements outlined in Sections 16-245n of the Connecticut General Statutes and Borrower will be responsible for complying with applicable state contracting requirements.

**Governing Law and Forum:** Connecticut

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<sup>9</sup> Date might need adjustment due to impact from the Coronavirus



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