



Deployment Committee

Meeting Date
November 13, 2018





Deployment Committee

Rob Klee, Chairman

Commissioner of the Department of Energy and Environmental Protection

Betsy Crum

Former Executive Director, Women's Housing Institute

Denise L. Nappier – Designee, Bettina Bronisz

Treasurer, State of Connecticut

Matthew Ranelli

Partner, Shipman & Goodwin LLP

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



November 7, 2018

Dear Connecticut Green Bank Deployment Committee:

We have a regular meeting of the Deployment Committee scheduled on Tuesday, November 13, 2018 from 2:00 to 3:00 p.m. in the Colonel Albert Pope Board Room of the Connecticut Green Bank at 845 Brook Street, Rocky Hill, CT 06067.

On the agenda we have the following items:

- **Consent Agenda** – approval of the meeting minutes for September 18, 2018, provision of memo to update you on transactions approved by staff under \$500,000 and no more in aggregate than \$1,000,000, and memo and loan loss reserve analysis per our new staff transaction restructured or written-off under \$100,000 and no more in aggregate than \$500,000.
- **Investment Business** – a recommendation for approval of a C-PACE transaction. You will also note a request to restructure a C-PACE transaction.
- **Incentive Business** – an update on the status of the RSIP and SHREC securitization, and an overview of a residential battery storage incentive program we are designing.

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

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
845 Brook Street
Rocky Hill, CT 06067

Tuesday, November 13, 2018
2:00 - 3:00 p.m.

Staff Invited: George Bellas, Mackey Dykes, Brian Farnen, Bryan Garcia, Ben Healey, Dale Hedman, Bert Hunter, Kerry O'Neill, Eric Shrago, Kim Stevenson, Selya Price, and Isabelle Hazlewood

1. Call to order
2. Public Comments – 5 minutes
3. Consent Agenda – 5 minutes
4. Investment Business – Transaction Recommendations – 10 minutes
 - a. C-PACE Transaction – East Windsor, CT
5. Incentive Business – Update – 15 minutes
 - a. RSIP and SHREC Securitization – 5 minutes
 - b. EEP Program and Battery Storage Incentive – 10 minutes
6. Adjourn

***Next Regular Meeting: Wednesday, March 27, 2019 from 2:00-3:00 p.m.
Colonel Albert Pope Board Room at the
Connecticut Green Bank, 845 Brook Street, Rocky Hill, CT***



RESOLUTIONS

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

Tuesday, November 13, 2018
2:00 - 3:00 p.m.

Staff Invited: George Bellas, Mackey Dykes, Brian Farnen, Bryan Garcia, Ben Healey, Dale Hedman, Bert Hunter, Kerry O'Neill, Eric Shrago, Kim Stevenson, Selya Price, and Isabelle Hazlewood

1. Call to order
2. Public Comments – 5 minutes
3. Consent Agenda – 5 minutes
 - a. Approval of Meeting Minutes for September 18, 2018

Resolution #1

Motion to approve the meeting minutes of the Deployment Committee for September 18, 2018.

4. Investment Business – 15 minutes
 - a. C-PACE Transaction – East Windsor

Resolutions #2

WHEREAS, pursuant to Connecticut General Statute Section 16a-40g (the "Statute"), 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 seeks to provide two construction and term loans in the amounts of **(1) \$291,102 and (2) \$649,882 for a total of \$940,984** under the C-PACE program to Sofia's Plaza, LLC, the building owner of 122 Prospect Hill Road and 2 North Road, East Windsor, Connecticut (the "Financings"), 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; and

WHEREAS, the Green Bank may also provide a short-term unsecured loan (the “Feasibility Study Loan”) from a portion of the Financing amounts, to finance the feasibility study or energy audit required by the C-PACE authorizing statute, and such Feasibility Study Loan would become part of the Financings and be repaid to the Green Bank upon the execution of the Financing documents.

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 Financings and, if applicable, a Feasibility Study Loan in an amount not to be greater than one hundred ten percent of the total Financing amounts with terms and conditions consistent with the memorandum submitted to the Deployment Committee dated November 9, 2018, and as he or she shall deem to be in the interests of the Green Bank and the ratepayers no later than 120 days from the date of authorization by the Board of Directors;

RESOLVED, that before executing the Financings, 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 Statute, including but not limited to the savings to investment ratio and lender consent requirements; and

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

b. C-PACE Transaction Restructuring – Bridgeport

Resolution #3

WHEREAS, pursuant to Section 16a-40g of the Connecticut General Statutes (as amended, the “Act”), the Connecticut Green Bank (“Green Bank”) established a commercial sustainable energy program for Connecticut, known as Commercial Property Assessed Clean Energy (“C-PACE”);

WHEREAS, pursuant to the Act and its Bylaws, Green Bank entered into that certain Financing Agreement dated December 22, 2014 (as amended, the “Loan”) with the MP Development Associates LLC, the building owner of the 305 Knowlton St., Bridgeport, CT, to finance the construction of certain clean energy measures through C-PACE;

WHEREAS, on June 13, 2018, the Green Bank Board of Directors (“Board”) approved the Loan Loss Decision Framework and Process, set forth in that certain memo to the Board dated June 13, 2018 (the “Loss Process”), which established the process of dealing with provisional loss reserves, restructurings, and write-offs for assets on Green Bank’s balance sheet; and

WHEREAS, in accordance with Loss Process, since the principle value of the outstanding financing is above \$100,000 and less than \$1,000,000, Green Bank staff seeks the Green Bank Deployment Committee’s (“Deployment Committee”) approval to restructure the Loan by forgiving \$19,066.26 of construction interest accrued pursuant to the Loan (the

“Restructured Loan”), as more particularly described in the memorandum submitted to the Deployment Committee dated November 8, 2018 (the “Memo”).

NOW, therefore be it:

RESOLVED, that the President of the Green Bank and any other duly authorized officer of the Green Bank is authorized to execute and deliver the Restructured Loan, with terms and conditions consistent with the Memo, as he or she shall deem to be in the interests of the Green Bank and the ratepayers no later than 120 days from the date of this Deployment Committee meeting; and

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

5. Incentive Business Recommendation – 10 minutes
 - a. RSIP and SHREC Securitization – 5 minutes
 - b. EEP Program and Battery Storage Incentive – 5 minutes

6. Adjourn

***Next Regular Meeting: Wednesday, March 27, 2019 from 2:00-3:00 p.m.
Colonel Albert Pope Board Room at the
Connecticut Green Bank, 845 Brook Street, Rocky Hill, CT***



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GREEN BANKSM

Deployment Committee Meeting

November 13, 2018

Deployment Committee

Agenda Item #1

Call to Order

Deployment Committee

Agenda Item #2

Public Comments

Deployment Committee

Agenda Item #3

Consent Agenda

Consent Agenda

Resolution 1



1. **Meeting Minutes** – approval of meeting minutes of September 18, 2018
 - **Under \$500,000 and No More in Aggregate than \$1,000,000** – memo to update Deployment Committee on transactions reviewed and approved by staff and clearing the queue for future transactions consistent with Comp Plan and Budget.
 - **Under \$100,000 and No More in Aggregate than \$500,000** – memo and analysis to update Deployment Committee on restructured or written-off transactions

Consent Agenda

No More in Aggregate than \$1,000,000



Project Name	Comprehensive Plan	Amount	Type
St. Stephen's Townhouse (Branford)	MFAH – H&S Loan	\$15,000	Loan
Total		\$15,000	

Deployment Committee

Agenda Item #4a

Investment Business

C-PACE Transaction – East Windsor

122 Prospect Hill Road & 2 North Road Ratepayer Payback



- **\$291,102 & \$649,882** for a 120 kW roof mounted solar PV system & 220 kW across two roof mounted and carport solar PV systems
- Projected savings are **25,080 MMBtu** versus **\$291,102 & \$649,882** of ratepayer funds at risk.
- Ratepayer funds will be paid back in one of the following ways
 - ❑ (a) through a take-out by a private capital provider at the end of construction (project completion);
 - ❑ (b) subsequently, when the loan is sold down to a private capital provider; or
 - ❑ (c) through receipt of funds from the Town of East Windsor as it collects the C-PACE benefit assessment from the property owner.

REDACTED

122 Prospect Hill Road & 2 North Road

Terms and Conditions



- **\$291,102 & \$649,882** construction loan at 5% and term loan set at a fixed 6.25% over the 20-year term
- **\$291,102 & \$649,882** loan against the property
 - ❑ Property valued at **REDACTED**
 - ❑ Loan-to-value ratio equals **REDACTED**; Lien-to-value ratio equals **REDACTED**
- DSCR > **REDACTED**

122 Prospect Hill Road & 2 North Road

The Five W's



- **What?** Receive approval for a \$291,102 & \$649,882 construction and (potentially) term loans under the C-PACE program to Sofia's Plaza, LLC to finance the construction of specified energy upgrade
- **When?** Project to commence 2018
- **Why?** Allow Green Bank to finance this C-PACE transaction, continue to build momentum in the market, and potentially provide term financing for this project until Green Bank sells it along with its other loan positions in C-PACE transactions.
- **Who?** Sofia's Plaza, LLC, the property owner of 122 Prospect Hill Rd & 2 North Rd, East Windsor CT
- **Where?** 122 Prospect Hill Rd & 2 North Rd, East Windsor CT

122 Prospect Hill Road & 2 North Road Project Tear Sheet



REDACTED

122 Prospect Hill Road & 2 North Road

Key Financial Metrics



REDACTED

Deployment Committee

Agenda Item #4b

Investment Business

C-PACE Transaction – Bridgeport –Restructuring

305 Knowlton Street, Bridgeport

Background



- 50kW solar array, LED lighting, and HVAC split system heat pumps approved for \$283,911
- Originally approved in 2014 with estimated completion date of 3/15/15
- Unanticipated costs increased financed cost to \$323,316. costs shared by contractor and owner.
- Delays increased original construction interest estimate of \$7,200 to \$51,000
- Contractor paid off ~\$13,000 of construction interest



305 Knowlton Street, Bridgeport Restructuring Proposal



REDACTED

Deployment Committee

Agenda Item #5a

Incentive Business

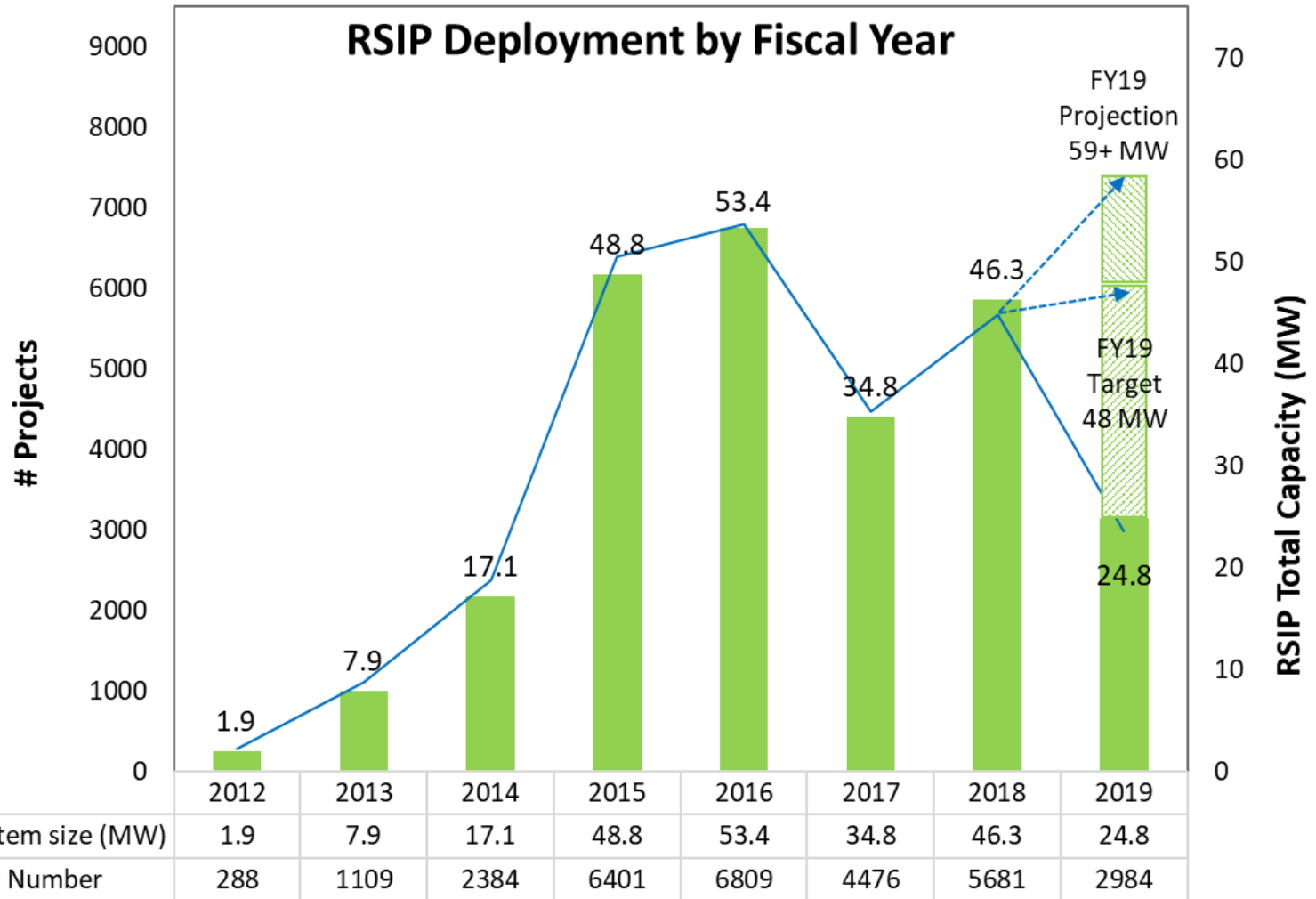
RSIP and SHREC Securitization Update

RSIP Update



Deployment – 235 MW, over 30,000 projects

11/4/2018



SHREC Securitization Update



Securitization milestones

- Independent Engineer's reports: close to completion
 - 3rd party verification of production estimates
- Rating Agency (Kroll) review underway
 - Kroll furnished with information on the Green Bank, RSIP, data on the 14,000+ systems in Tranches 1 and 2
 - Closing out diligence requests
 - Feedback pending on structure to achieve investment grade rating
- Agreed Upon Procedures provider (KPMG) appointed
 - Sample selection: 125 systems across two Tranches; review of third party supporting documentation

SHREC Securitization

Securitization milestones (continued)



- Positive discussions held with investors
 - Attended flagship industry conference, ABS East
 - RBC arranged for investor discussions with insurance companies, asset managers and a religious-based investment fund
 - Additional calls in the intervening weeks with CT-based funds
- Social Impact – Green Bond Verification review underway
 - CAR-Kestrel joint team
 - Social impact statement drafted and nearly finalized
 - Preparatory Green Bond verification work underway
 - Impact and Climate Bonds Certification to be complete for marketing
- Late-December execution and placement

Deployment Committee

Agenda Item #5b

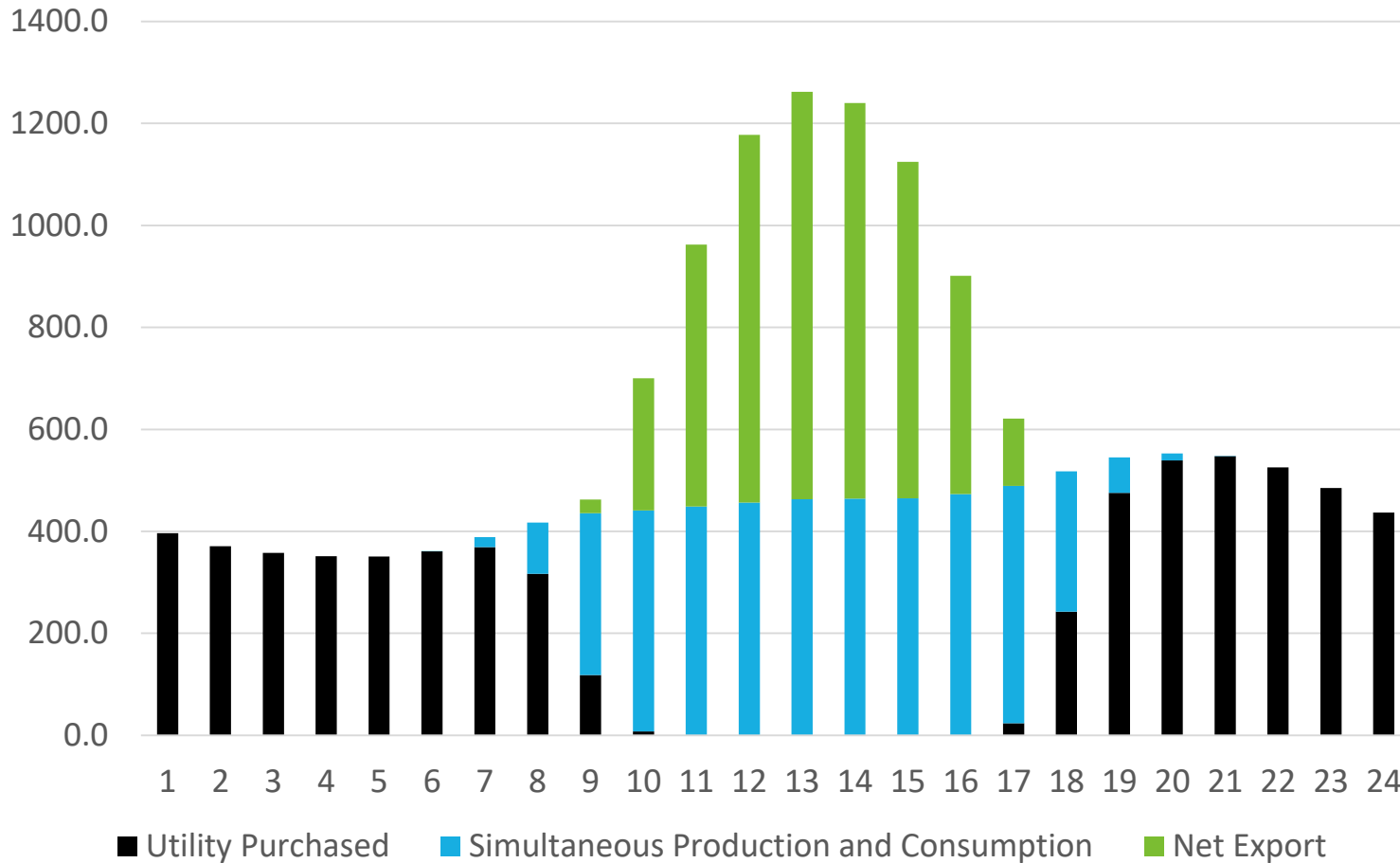
Incentive Business

EEP Program and Battery Storage Incentive

Residential Solar PV (8 kW)



Production, Consumption, and Net Export (Annual)



51% simultaneous production and consumption vs. 49% net export ...turn net export into battery storage to reduce peak demand and for back-up

Electric Efficiency Partners

Program Overview



- **Purpose** – persons and **entities** providing **enhanced demand-side management technologies** to assist electric consumers to **conserve electricity** and **reduce demand** in Connecticut
- **Technologies** – means demand-side management solutions, **customer-side emergency dispatchable generation resources, customer-side renewable energy generation, load shifting technologies**, conservation and load management technologies, and high efficiency natural gas and oil boilers and furnaces
- **Payback** – portion of the **total cost of each project** that shall be **paid by the customer** and the total cost **paid by ratepayers** through the EEP program ensuring ratepayer investment **achieves 2 to 1 payback ratio** (i.e., UCT) whereby technology shall be maintained for a **period sufficient to achieve payback ratio**. PURA requires that **incentives pay no more than 50% of the cost** of the approved technology.

Electric Efficiency Partners

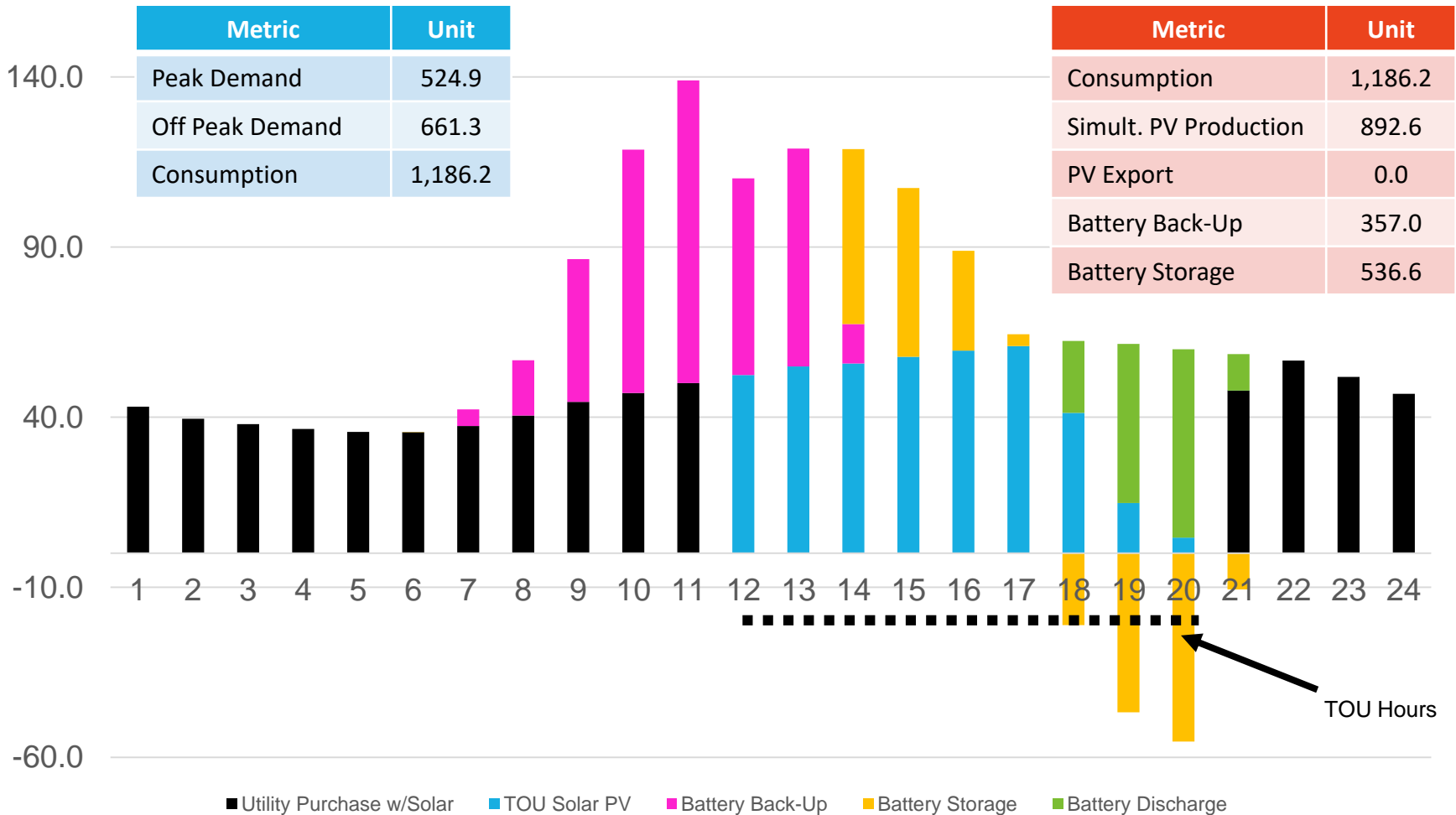
Program Overview (cont'd)



- **Funding** – annual ratepayer contribution shall be **no more than \$60 million** and **not less than 75%** of such annual ratepayer investment shall be **used for the technologies themselves**. No person receiving funding from the **C&LM Fund** can receive funding from the EEP Program
- **Certificate of Public Convenience** – must demonstrate to PURA that applicant possesses and demonstrates **adequate financial resources, managerial ability, and technical competency**
- **Financing** – PURA shall develop a **long-term low-interest loan program** to assist with the implementation of the EEP program through (1) section 16-243j, (2) **CDA**, or (3) competitive bid

Reduce Peak Demand

Summer Peak (July) – TOU and Back-Up Use Case



REFERENCES

Interval data for a typical residential customer in Connecticut came from Eversource Energy

Solar data is derived from PV Watts for a typical residential solar PV system in Connecticut that is 8 kW with a capacity factor of 0.1253

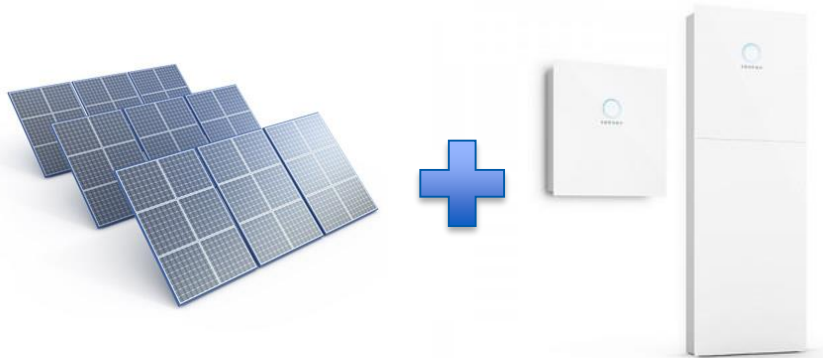
Vision through EEP

Grid Modernization and Climate Change

Identify Improvement Location



DER System Planning



Solar PV

Battery Storage

“Cost-Effective” Solar PV and Battery Storage
to then include additional loads (RH&C, EV)

GATEWAY



“Deeper” EE



Renewable Heating & Cooling



Electric Vehicles

Technology Application Partners



EM&V Partner



Battery Storage Technology Partners



Next Steps

Timeline



- **PURA Follow-Up** – submit questions for PURA **[Complete]**
- **Partner Application** – Connecticut Green Bank to file an application to become a partner under the EEP program before September 30, 2018 **[Complete]**
- **Technology Application** – Connecticut Green Bank to file a technology application on behalf of partners in the project through the EEP program in December of 2018
- **Program Launch** – assuming the partner and technology applications are approved, launch the program on July 1, 2019 for battery storage

Deployment Committee

Agenda Item #6
Adjourn



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

Tuesday, September 18, 2018
1:30 - 2:00 p.m.

Meeting held on September 18, 2018 at the office of the Connecticut Green Bank, 845 Brook Street, Rocky Hill, CT, in the Colonel Albert Pope Board Room.

Deployment Committee members participating: Bettina Bronisz (by phone), Rob Klee (by phone), Matt Ranelli (by phone)

Members Absent: Betsy Crum

Staff Attending: Emily Basham, Mackey Dykes, Brian Farnen, Isabelle Hazlewood, Selya F. Price, Eric Shrago, Nick Zuba

Others: Joe Buonannata

1. Call to order

Rob Klee called the meeting to order at 1:34pm

2. Public Comments

None

3. Consent Agenda

- a. Approval of Meeting Minutes for May 29, 2018
- b. Transaction Approvals – Under \$500,000 and No More in Aggregate than \$1,000,000
- c. Transaction Restructurings and Write-Offs – Under \$100,000 and No More in Aggregate than \$500,000
- d. Transaction Approval Extensions
 - i. C-PACE Transaction – New London

Connecticut Green Bank Sept 18, 2018 Deployment Committee Meeting
Subject to changes and deletions.

ii. C-PACE Transaction – Middlefield

Resolution #1

Motion to approve the meeting minutes of the Deployment Committee for May 29, 2018.

Resolution #2

WHEREAS, pursuant to Conn. Gen. Stat. 16a-40g (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, pursuant to the C-PACE program, the Green Bank Board of Directors (the “Board”) had previously approved and authorized the President of the Green Bank to execute financing agreements for the C-PACE projects described in the Memo submitted to the Green Bank Deployment Committee (the “Deployment Committee”) on September 18, 2018 (the “Finance Agreements”);

WHEREAS, the Finance Agreements were authorized to be consistent with the terms, conditions, and memorandums submitted to the Board and executed no later than 120 days from the date of Board approval; and

WHEREAS, due to delays in fulfilling pre-closing requirements the Green Bank will need more time to execute the Finance Agreements.

NOW, therefore be it:

RESOLVED, that the Deployment Committee extends authorization of the Finance Agreements to no later than 120 days from September 18, 2018 and consistent in every other manner with the original Board authorization for the Finance Agreement.

Brian Farnen reviewed consent agenda items for Resolution #1 and Resolution #2 asked if there were any questions - No questions were broached

**Motion to Approve Consent Agenda Items presented by Rob Klee
2nd by Bettina Bronisz
Unanimously Approved**

4. Loan Loss Decision Framework

a. C-PACE Transaction – Proposed Restructuring

Brian Farnen reviewed the Transaction Approval Guidelines for C-PACE loan restructuring and write-offs:

- Less than \$100k – Staff Review & Approval
- \$100k - \$1MM – Deployment Committee Review & Approval
- Over \$1MM – Board of Directors Review & Approval

Connecticut Green Bank Sept 18, 2018 Deployment Committee Meeting
Subject to changes and deletions.

**Request to go in to Executive Session by Brian Farnen to discuss potential litigation –
Re: Brookfield YMCA**

**Motion to Approve Executive Session presented by Rob Klee
2nd by Bettina Bronisz
Unanimously Approved**

**Motion to come out of Executive Session by Rob Klee
2nd by Bettina Bronisz
Unanimously Approved**

5. Incentive Business Recommendation – 10 minutes

a. RSIP Battery Storage Pilot Incentive – Revision to Prior Approval

- RSIP grid modernization pilot with UI only with revisions that include a higher incentive than previously approved and is only available to those participating with UI on this project
- Additional information will be presented to Board members at next Board meeting
- UI pilot program begins September 25, 2018

**Motion to Approve RSIP Pilot Revision presented by Rob Klee
2nd by Bettina Bronisz and Matthew Ranelli simultaneously
Unanimously Approved**

6. Adjourn

Upon a motion made by Rob Klee, and seconded by Bettina Bronisz the meeting was adjourned at 2:10pm

Respectfully submitted,

Rob Klee, Chairperson



Memo

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

From: Bryan Garcia (President and CEO)

Date: November 13, 2018

Re: Approval of Funding Requests below \$500,000 – Update

At the October 20, 2017 Board of Directors (BOD) meeting of the Connecticut Green Bank (“Green Bank”) it was resolved that the BOD approves the authorization of Green Bank staff to evaluate and approve funding requests less than \$500,000 which are pursuant to:

- an established formal approval process requiring the signature of a Green Bank officer,
- consistent with the Comprehensive Plan,
- approved within Green Bank’s fiscal budget, and
- in an aggregate amount not to exceed \$1,000,000 from the date of the last Deployment Committee meeting.

This memo provides an update on funding requests below \$500,000 that were evaluated and approved. During this period, one project was evaluated and approved for funding in an aggregate amount of approximately \$15,000. If members of the board or committee would be interested in the internal documentation of the review and approval process Green Bank staff and officers go through, then please request it.

Project Name: EnergizeCT Health & Safety Revolving Loan Fund - St. Stephen's Townhouses – Branford, CT

Amount: \$15,000

Comprehensive Plan: Multi Family Housing

Description

The funding for committee consideration is a \$15,000 loan which will fully amortize over 20 years at 2% interest and a \$5,000 grant to fund Health & Safety improvements within a

\$533,000 rehabilitation plan. This funding with the \$30,000 in Green Bank funding separately requested will strengthen the Borrower's application for Housing Tax Credit Contribution application with CHFA. The other grant sources are in hand and the Energy Rebates are expected as well, though not yet committed.

The Owner of the property is Carrie P. Chandler Housing Development Corp. which is a single-asset corporation formed by the St. Stephens AME Zion Church to develop, own and manage this project in 1987.

Memo

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

From: George Bellas (VP of Finance), Bryan Garcia (President and CEO), and Jane Murphy (Comptroller)

Date: November 7, 2018

Re: Staff Loan Loss Approval Policy for Transactions Under \$100,000 – Q1 FY 2019 Report

At the June 13, 2018 Board of Directors (BOD) meeting of the Connecticut Green Bank (“Green Bank”) it was resolved that the BOD approves the authorization of Green Bank staff to evaluate and approve loan loss restructurings or write-offs for transactions less than \$100,000 which are pursuant to an established formal approval process in an aggregate amount not to exceed \$500,000 from the date of the last Deployment Committee meeting. This memo provides an update on loan losses below \$100,000 that were evaluated and approved in Q1 of FY 2019.

Within the FY 2019 budget, a “Provision for Loan Loss” of \$2,923,674 was included as a “Non-Operating Expense” item. This memo will track loan losses against this FY 2019 budget expense.

During this period, 0 projects were evaluated and approved for loan loss restructurings and write-offs in an aggregate amount of approximately \$0. Through September of FY19 there have been no loan write-offs. See the attached analysis prepared by the accounting department for further details. For FY 2019, 0 transactions have been written-off totaling \$0 amount of losses – or 0% of the “Provision for Loan Loss” in the FY 2019 budget. The frequency of transaction write-offs has been 0 a month totaling \$0 amount of losses on average.

If members of the Board would be interested in the internal documentation of the review and approval process Green Bank staff and officers go through, please let us know and we would be happy to provide.

Connecticut Green Bank
Loan Loss Reserve Analysis
As of September 30, 2018

Loan Program	Project	Dept	Program	Loan Portfolio			FY19 YTD					Loan Portfolio Carrying Value 9/30/2018		
				Balance 7/1/2018	FY19 YTD Investments	FY19 YTD Repayments	Balance 9/30/2018	Loan Loss Reserve Balance 7/1/2018	Budgeted Additions to Provisional Reserve	FY19 YTD Portfolio Loan Write-Offs	Loan Loss Reserve Balance 9/30/2018		Reserve as a % of Portfolio Balance	Write-offs as a % of Portfolio Balance
CPACE Program	Various	CI&I	51800-C&I CPACE	\$ 25,225,460	\$ 1,158,442	\$ (331,237)	\$ 26,052,665	\$ (2,522,546)	\$ (570,786)	\$ -	\$ (3,093,332)	11.9%	0.0%	\$ 22,959,333
Fuel Cell Projects	Fuel Cell Energy	Other Pgms	51600-Loans Commercial	6,026,165	-	-	6,026,165	(1,205,233)	-	-	(1,205,233)	20.0%	0.0%	4,820,932
CHP Pilot	Bridgeport MicroGrid	SI	51300-MicroGrid / CHP Pilot	489,121	-	(5,107)	484,014	(48,912)	-	-	(48,912)	10.1%	0.0%	435,102
Anaerobic Digester	Quantum Biopower	SI	51200-Anaerobic Digester Pilot	1,797,663	-	(33,290)	1,764,372	(179,766)	-	-	(179,766)	10.2%	0.0%	1,584,606
Other Loans	Nu Power Thermal	Other Pgms	50800-Grid-Tied R.E. Projects	155,205	-	-	155,205	(155,204)	-	-	(155,204)	100.0%	0.0%	1
	Terrace Heights Condos	CI&I	51810-C&I New Product Develop.	89,000	-	-	89,000	(8,900)	-	-	(8,900)	10.0%	0.0%	80,100
Multifamily / Affordable Housing / Credit Challenged / LMI	Capital for Change	Multi	52230-CHIF Multifamily PEL	3,178,596	-	(34,378)	3,144,218	(317,860)	-	-	(317,860)	10.1%	0.0%	2,826,358
	Pre-Dev Loans	Multi	52250-Multifamily Programs	90,927	32,127	-	123,054	(18,185)	(90,000)	-	(108,185)	87.9%	0.0%	14,868
	Posigen	Resi	52220-LMI Programs	6,819,075	2,462,042	(152,278)	9,128,839	(681,907)	(250,000)	-	(931,907)	10.2%	0.0%	8,196,932
Energy Efficiency	Univ of Hartford & Univ of New Haven	Other Pgms	51910-Campus Efficiency NOW	169,755	-	(31,150)	138,605	(16,976)	-	-	(16,976)	12.2%	0.0%	121,630
	RENEW Energy Efficiency Bridgeport	CI&I	51810-C&I New Product Develop.	130,000	-	-	130,000	(13,000)	(25,500)	-	(38,500)	29.6%	0.0%	91,500
Solar Hot Water	Two Roads Brewery	Other Pgms	51600-Loans Commercial	6,535	-	(3,914)	2,621	(327)	-	-	(327)	12.5%	0.0%	2,294
Alpha Program	Anchor Science	Other Pgms	50100-Alpha Program	150,000	-	-	150,000	(75,000)	-	-	(75,000)	50.0%	0.0%	75,000
Op Demo Program	New England Hydropower Co.	Other Pgms	50200-Op Demo Program	500,000	-	-	500,000	(499,999)	-	-	(499,999)	100.0%	0.0%	1
Wind Financing	Wind Colebrook	Other Pgms	50800-Grid-Tied R.E. Projects	2,350,263	-	(18,304)	2,331,959	(235,026)	-	-	(235,026)	10.1%	0.0%	2,096,933
Total:				\$ 47,177,765	\$ 3,652,611	\$ (609,658)	\$ 50,220,718	\$ (5,978,841)	\$ (936,286)	\$ -	\$ (6,915,127)	13.8%	0.0%	\$ 43,305,590
CPACE Loans				\$ 25,225,460	\$ 1,158,442	\$ (331,237)	\$ 26,052,665	\$ (2,522,546)	\$ (570,786)	\$ -	\$ (3,093,332)	11.9%	0.0%	\$ 22,959,333
Program Loans				\$ 21,952,305	\$ 2,494,169	\$ (278,421)	\$ 24,168,053	\$ (3,456,295)	\$ (365,500)	\$ -	\$ (3,821,795)	15.8%	0.0%	\$ 20,346,257
Total:				\$ 47,177,765	\$ 3,652,611	\$ (609,658)	\$ 50,220,718	\$ (5,978,841)	\$ (936,286)	\$ -	\$ (6,915,127)	13.8%	0.0%	\$ 43,305,590

Analysis:

Number of loans written off:	None
Dollar amount of loans written off:	\$ -
Write-offs as a percent of portfolio:	0.0%

Mortgage Lender Consent	████████████████████
Proposed Project Description	122 Prospect Hill Rd: 120 kW solar PV system; 2 North Rd: 220kW solar PV system
Est. Date of Construction Completion	Pending closing
Current Status	Awaiting Deployment Committee Approval
Energy Contractor	████████████████████

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



To: Connecticut Green Bank Deployment Committee
From: Mackey Dykes, Vice President, Commercial and Industrial Programs, Bert Hunter, EVP and CIO
Date: November 8, 2018
Re: C-PACE Transaction Restructuring: 305 Knowlton St., PT-100515

Summary

The Connecticut Green Bank (“Green Bank”) staff is requesting approval for a restructuring of a C-PACE transaction, which amounts to forgiving \$19,066.26 of construction interest accrued pursuant to the transaction, 50% of the total construction interest accrued. The net present value (NPV) of income lost over the life of this transaction is \$4,583.14.

Background

MP Development Associates, LLC (the “Borrower”) entered into a C-PACE Financing Agreement with the Green Bank on 12/22/2014 to finance certain energy improvements at 305 Knowlton St., Bridgeport, CT (the “Property”). At that time, the estimated completion date of the project was 3/15/15, and estimated construction interest was \$7,200.83. The project consisted of both renewable and energy efficiency measures, including a 50kW solar PV system, LED lights, and HVAC split system heat pumps. The actual project completion date was 8/3/2018 and the project was \$39,404.75 over budget, and it had accrued a total of \$50,962.70 in construction interest.

The project cost overages and delays were attributed to inadequate project planning and design. First, it became necessary to replace the roof before the solar could be installed, which was not identified in the original project proposal. The added roof cost was \$28,000 and was financed by an amendment to the Financing Agreement. Second, the City of Bridgeport inspection identified that the electrical system of the buildings was inadequate for the planned improvements. The cost to upgrade the electrical system was \$42,000. The cost of the electrical upgrade was split by and among the Borrower and MSL Group Inc. (the “Contractor”), the Borrower’s share was financed by equity and an amendment to the Financing Agreement.

The Contractor made a commitment to the Borrower to cover all construction interest charges accruing after the original expected completion date. The Contractor made a few monthly accrued construction interest payments but then ceased paying. To date, the Contractor has contributed \$12,830.19 toward the construction interest.

The project will enter repayment of principal and interest on January 1, 2018. Pursuant to the C-PACE process, Green Bank will record the final repayment schedule on the land records this month. The Borrower has stated that it has arranged a purchaser for the Property and the economics of the Financing Agreement and project are an important consideration in the

expected sale. The Borrower anticipates that the purchaser will assume, rather than prepay, the Financing Agreement obligation.

Financial Details

	Project Cost	Closing Fees	Construction Interest Net Contractor Contribution	Total Principal	NPV @ 3%
Current Transaction	\$323,315.75	\$7,513.00	\$38,132.51	\$368,961.26	\$88,690.92
After Restructure	\$323,315.75	\$7,513.00	\$19,066.26	\$349,895.01	\$84,107.79
			NPV of Income Lost		(\$4,583.14)
			Principal/Interest Write Off		(\$19,066.26)
			NPV Total Cost to Green Bank		(\$23,649.40)

Construction interest is capitalized into the principal of the transaction and is, therefore, is an asset on our balance sheet.

Conclusion

The Green Bank staff recommends that the Deployment Committee approve this request.

The key remedial step the program has adopted has been to not finance any projects where the Contractor is expected to do the work. Also, pursuant to the C-PACE program guidelines and due to not being in good standing with the Green Bank, the Contractor is no longer listed as a “Registered Contractor” on the C-PACE website. Nonetheless, property owners that utilize third party capital provider financing for C-PACE may still choose to work with the Contractor.

As a result of this experience, the program staff has become more proactive, identifying potential project issues and flagging concerns. Lastly, in the next iteration of the model Green Bank C-PACE financing agreement, there will be a provision for projects to end on a specified date, regardless of construction completion.

Resolutions

WHEREAS, pursuant to Section 16a-40g of the Connecticut General Statutes (as amended, the “Act”), the Connecticut Green Bank (“Green Bank”) established a commercial sustainable energy program for Connecticut, known as Commercial Property Assessed Clean Energy (“C-PACE”);

WHEREAS, pursuant to the Act and its Bylaws, Green Bank entered into that certain Financing Agreement dated December 22, 2014 (as amended, the “Loan”) with the MP Development

Associates LLC, the building owner of the 305 Knowlton St., Bridgeport, CT, to finance the construction of certain clean energy measures through C-PACE;

WHEREAS, on June 13, 2018, the Green Bank Board of Directors (“Board”) approved the Loan Loss Decision Framework and Process, set forth in that certain memo to the Board dated June 13, 2018 (the “Loss Process”), which established the process of dealing with provisional loss reserves, restructurings, and write-offs for assets on Green Bank’s balance sheet; and

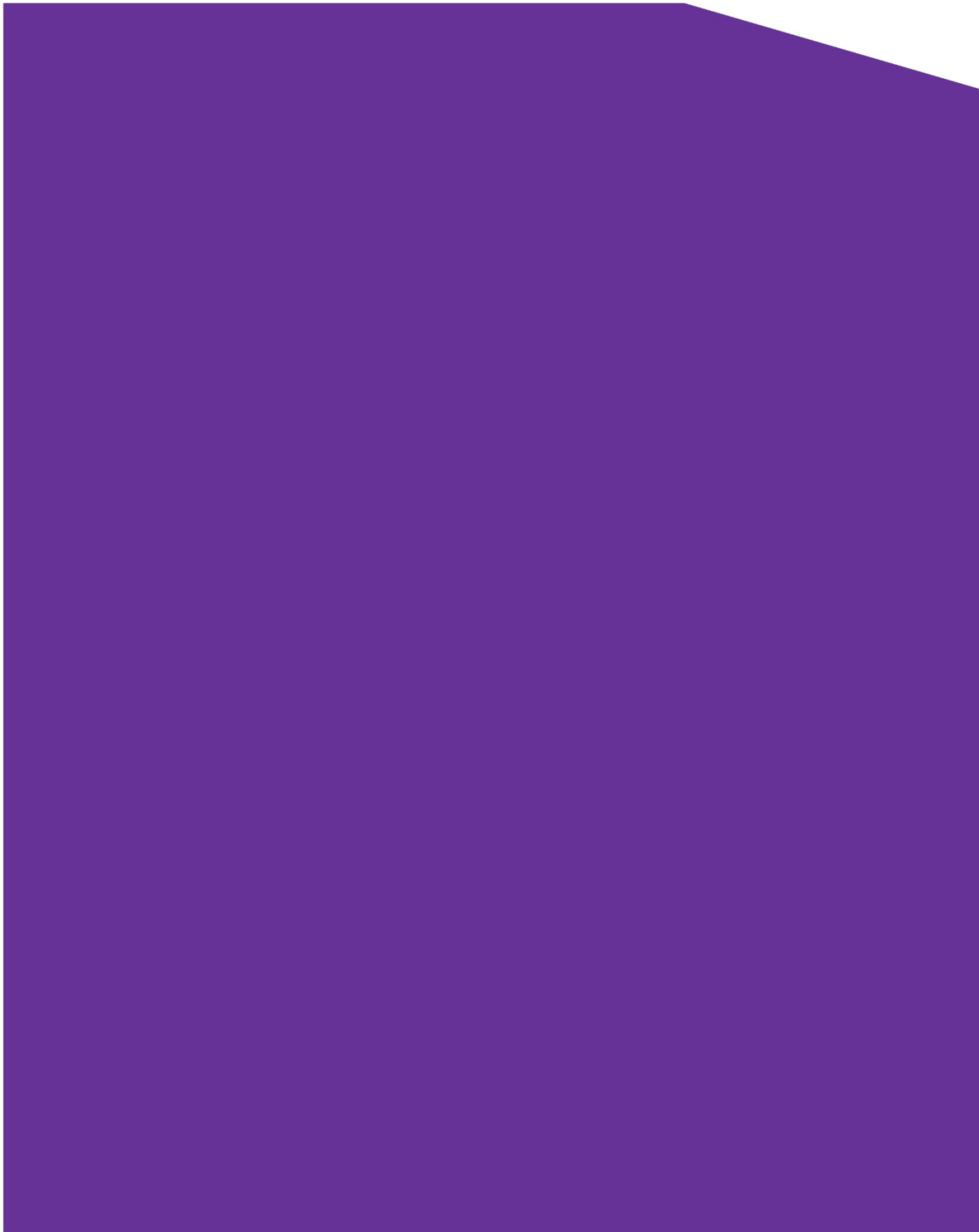
WHEREAS, in accordance with Loss Process, since the principle value of the outstanding financing is above \$100,000 and less than \$1,000,000, the Green Bank staff seeks the Green Bank Deployment Committee’s (“Deployment Committee”) approval to restructure the Loan by forgiving \$19,066.26 of construction interest accrued pursuant to the Loan (the “Restructured Loan”), as more particularly described in the memorandum submitted to the Deployment Committee dated November 8, 2018 (the “Memo”).

NOW, therefore be it:

RESOLVED, that the President of the Green Bank and any other duly authorized officer of the Green Bank is authorized to execute and deliver the Restructured Loan, with terms and conditions consistent with the Memo, as he or she shall deem to be in the interests of the Green Bank and the ratepayers no later than 120 days from the date of this Deployment Committee meeting; and

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

Submitted by: Bryan Garcia, President and CEO, Bert Hunter, EVP and CIO, Mackey Dykes, Vice President, Commercial and Industrial Programs, Brian Farnen, General Counsel and CLO



845 Brook Street
Rocky Hill, CT 06067

300 Main Street, 4th Floor
Stamford, CT 06901