



## Board of Directors

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**Meeting Date**

**August 3, 2023**



## Board of Directors

<b>Lonnie Reed</b> Chair	<b>Hank Webster</b> Vice Chair Connecticut Department of Energy and Environmental Protection (DEEP)
<b>Matthew Ranelli</b> Secretary Partner Shipman & Goodwin	<b>Bettina Bronisz</b> State Treasurers Office State of Connecticut
<b>Thomas Flynn</b> Managing Member Coral Drive Partners	<b>Robert Hotaling</b> Deputy Director DECD
<b>Adrienne Farrar Houel</b> President and CEO Greater Bridgeport Community Enterprises, Inc.	<b>Dominick Grant</b> Director of Investments Dirt Capital Partners
<b>John Harrity</b> Chair CT Roundtable on Climate and Jobs	<b>Brenda Watson</b> CEO Operation Fuel
<b>Joanne Wozniak-Brown</b> Office of Policy and Management (OPM)	<b>TBD</b>

75 Charter Oak Avenue, Suite 1 - 103, Hartford, CT 06106  
T 860.563.0015  
ctgreenbank.com



August 2, 2023

Dear Connecticut Green Bank Board of Directors:

We have a **special meeting** of the Board of Directors scheduled for **Thursday, August 3, from 1:30-2:00 p.m.**

We apologize for the August special meeting request. We respect the importance of your time and summer vacation!

Please take note that this will be an online meeting.

For the agenda, we have the following:

- **Investment Updates and Recommendations** – approval to exercise warrants with PosiGen in exchange for penalty interest that PosiGen owed and a reduction in yield.
- **Executive Session** – on personnel related matters

Again, my apologies for calling this special meeting. The team felt that it was important enough to not wait for the September Deployment Committee meeting for the first agenda item, or the October Board of Directors meeting for the second agenda item.

This will be a quick call.

Appreciatively,

A handwritten signature in black ink, appearing to be "Bryan Garcia", with a long horizontal line extending to the right.

Bryan Garcia  
President and CEO



## **AGENDA**

Board of Directors of the  
Connecticut Green Bank  
75 Charter Oak Avenue  
Hartford, CT 06106

Special Meeting  
Thursday, August 3, 2023  
1:30-2:00 p.m.

Dial (571) 317-3112  
Access Code: 900-745-149

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. Investment Programs Updates and Recommendations – 10 minutes
  - a. PosiGen – Participation in Bridge Financing
4. Executive Session – Personnel Related Matter – 15 minutes
5. Adjourn

Join the meeting online at  
<https://meet.goto.com/900745149>  
Or call in using your telephone:  
Dial (646) 749-3122  
Access Code: 828-198-429

***Next Regular Meeting: Friday, October 20, 2023 from 9:00-11:00 a.m.  
Colonel Albert Pope Room at the  
Connecticut Green Bank, 75 Charter Oak Avenue, Hartford***



## **RESOLUTIONS**

Board of Directors of the  
Connecticut Green Bank  
75 Charter Oak Avenue  
Hartford, CT 06106

Special Meeting  
Thursday, August 3, 2023  
1:30-2:00 p.m.

Dial (571) 317-3112  
Access Code: 900-745-149

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. Investment Programs Updates and Recommendations – 10 minutes
  - a. PosiGen – Participation in Bridge Financing

### **Resolution 1**

**WHEREAS**, the Connecticut Green Bank (“Green Bank”) has an existing partnership with PosiGen, Inc. (together with its affiliates and subsidiaries, “PosiGen”) to support PosiGen in delivering a solar lease (including battery storage) and energy efficiency financing offering to LMI households in Connecticut;

**WHEREAS**, the Green Bank Board of Directors (the “Board”) previously authorized approval for Green Bank’s participation in equity financing through the exercise of warrants for 500,000 shares of Series D-3B of PosiGen, Inc. which was exercised in February 2021 (the “Prior Preferred Shares”);

**WHEREAS**, in June 2023 PosiGen has exchanged the Prior Preferred Shares for 7,500,000 shares of common stock of PosiGen Inc. and the opportunity to purchase Series 1 Preferred Stock;

**WHEREAS**, staff has analyzed a range of potential economic outcomes that could result from the Green Bank’s participation (or not) in the Series 1 Preferred Stock and related financing and has concluded that the investment risk is worth the potential upside return associated with the

incremental investment, and recommends the Board approve the incremental investment not to exceed \$125,000 as more fully explained in a memorandum to the Board dated August 2, 2023;

**NOW**, therefore be it:

**RESOLVED**, that the Board authorizes the Green Bank to fully participate in the purchase of Series 1 Preferred Stock not to exceed \$125,000, as set forth in the Board Memo;

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

4. Executive Session – Personnel Related Matter – 15 minutes

### **Resolution 2**

**RESOLVED**, that the Green Bank Board hereby approves of the discussed severance agreement

5. Adjourn

Join the meeting online at  
<https://meet.goto.com/900745149>

Or call in using your telephone:

Dial (646) 749-3122

Access Code: 828-198-429

***Next Regular Meeting: Friday, October 20, 2023 from 9:00-11:00 a.m.  
Colonel Albert Pope 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.



# Board of Directors Meeting

August 3, 2023

**Online Meeting**

Special Meeting



# Board of Directors

## Agenda Item #1

### Call to Order

# Board of Directors

## Agenda Item #2

### Public Comments

# Board of Directors

Investment Program Updates and Recommendations

Agenda Item #3a

PosiGen – Participation and Bridge Financing

## Re-Capitalization Update / Incremental Investment

- Dec 21 – \$61m Series E Round
- Aug 22 – additional \$26.1m (convertible promissory notes)
- Feb – Apr 23 – additional \$26.1m (convertible promissory notes)
- June 23 – “Lead Investors” provide \$26.8m of \$37.2m raise
- Aug 23 – Remaining Investors (including potentially Green Bank) to invest ~\$10.4m remaining amount
- Structured as “pay-to-play”
- **Existing Green Bank investment \$245,000**
- **Proposed incremental Green Bank investment ~\$121,000**
- Structured to maintain Green Bank’s ownership position / avoid dilution
- Range of outcomes from 100% loss to a feasible gain of \$85k to \$1.8m
- Funded via “yield sacrifice” on Green Bank’s ITC bridge loan facility for PosiGen
- Closing by August 11

# Resolution #1



**NOW**, therefore be it:

**RESOLVED**, that the Board authorizes the Green Bank to enter into the Amended and Restated Note Purchase Agreement with PosiGen Inc. and other investors to fully participate in the purchase of a secured convertible promissory note of PosiGen Inc. not to exceed \$125,000, as set forth in the Board Memo;

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

# Board of Directors

## Agenda Item #4

### Executive Session

### Personnel Related Matters

# Resolution #2



**RESOLVED**, that the Green Bank Board hereby approves of the discussed severance agreement

# Board of Directors

## Agenda Item #5

### Adjourn



75 Charter Oak Avenue, Hartford, Connecticut 06106  
T: 860.563.0015  
[www.ctgreenbank.com](http://www.ctgreenbank.com)



## PosiGen

### Green Bank Equity Modification Request

August 3, 2023



**Document Contents:** This document contains background information and due diligence on a Recapitalization of PosiGen Inc. ("PosiGen"). The information herein is provided to the Connecticut Green Bank Board of Directors for the purposes of reviewing and approving recommendations made by the staff of the Connecticut Green Bank.

In some cases, this package may contain, among other things, trade secrets and commercial or financial information given to the Connecticut Green Bank in confidence and should be excluded under C.G.S. §1-210(b) and §16-245n(D) from any public disclosure under the Connecticut Freedom of Information Act. If such information is included in this package, it will be noted as confidential.

# Investment Modification Memo

**To:** Connecticut Green Bank Board of Directors  
**CC:** Bryan Garcia, President and CEO; Jane Murphy, Executive Vice President of Accounting and Financial Reporting; Brian Farnen, General Counsel and CLO; Eric Shrago, Managing Director of Operations; Sergio Carrillo, Director of Incentive Programs  
**From:** Bert Hunter, EVP and CIO; Larry Campana, Associate Director of Investments  
**Date:** August 2, 2023  
**Re:** Modification of Green Bank Equity Investment in PosiGen

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## Background

At its October 16, 2020 meeting, the Board of Directors (the “Board”) of the Connecticut Green Bank (the “Green Bank”) approved to exercise its warrants with PosiGen, Inc. (together with its subsidiaries, “PosiGen”) in exchange for penalty interest that PosiGen owed and a reduction in yield. The exercise of the warrants on February 3, 2021 (attached hereto as Exhibit A) exchanged value of \$245,000 for 500,000 shares of Series D-3B Preferred Stock (the “Prior Preferred Shares”).

## Recapitalization

While year-over-year sales and installments continue to increase, PosiGen has been exposed to supply chain constraints, higher than expected inflation, delays in monetization of IRA incentives, and cash flow challenges relating to its tax equity partnership for installed projects with costs incurred but payments delayed. This combination of factors has required Posigen to raise funds beginning in December 2021, with its Series E financing raising a total of \$61.2M and converting \$34.5M of convertible promissory notes. Existing investors provided working capital financing in the form of convertible promissory notes, in August 2022, for \$26.1M and again in February 2023 through April 2023 for an additional \$26.0M. Posigen has also added prominent institutional investors to its capital stack, including closing a \$250M back leverage debt facility with Brookfield Asset Management in April 2023 which the Board approved in resolutions passed at meetings of the Board held in December 2022 and March 2023.

As part of the Recapitalization, on June 13, the Green Bank’s 500,000 shares of Series D-3B Preferred Stock were converted into 7,500,000 shares of common stock (at a 15:1 conversion ratio). This conversion was agreed to by the majority holders of this series. The current financing under consideration by the Green Bank Board is structured as “pay-to-play”. Investors participating in the financing (“Note Financing”) can pull through a proportion of common shares for shares of Series 1 Preferred Stock. For the Green Bank, full participation would require a capital contribution of \$121,321.93. Unless the Green Bank participates in this recapitalization, Green Bank’s ownership position, as a result of the capital being contributed by the other investors, will suffer a material dilution.

## Note Financing

Series 1 Preferred Stock is available to Investors holding various Prior Preferred shares. Up to \$37.0M financing is currently offered including \$26.8M committed from a prominent group of investors (“Lead Investors”). Notes available to Green Bank will be offered as Class B, with a 120% Conversion Ratio during equity raise after November 15, 2023, and 175% during a sale event. The Notes accrue interest quarterly at an annual rate of 15% together with a 6% annual dividend with a Maturity Date of June 13, 2025. Notes are paid an Exit Fee of 20% (or 40% after November 15, 2023) and a Change in Control Fee of 2x upon a sale event. The Notes are secured on a second lien basis to existing senior secured first lien debt and

working capital facilities with Mizzen Capital as well as certain secured loans of the Green Bank (the battery storage facility loans and the ITC bridge loans approved previously by the Board).

The only item currently under consideration by the Green Bank Board is participation in the pull through Note Financing. The pay-to-play feature would substantially dilute the current position without participation (requiring \$121,321.93 of Green Bank capital) as Investors who elected to participate in this Note Financing would have waterfall preference to common shares. The value of Series 1 Preferred Stock is illustrated below to compare the Green Bank's position if it elects to participate or not participate in this round of financing.

Equity Value:	Downside	Potential Range of Series 2			Upside
	\$200M	\$350M	\$400M	\$450M	\$750M
<b>Series 2</b>					
Connecticut Green Bank (participates)	\$ 451,311	\$ 993,376	\$ 1,125,342	\$ 1,241,820	\$ 2,222,764
Connecticut Green Bank (no participation)	\$ -	\$ -	\$ 64,737	\$ 140,458	\$ 268,727
<b>Liquidation</b>					
Connecticut Green Bank (participates)	\$ 305,150	\$ 847,215	\$ 1,027,903	\$ 1,208,592	\$ 2,099,135
Connecticut Green Bank (no participation)	\$ -	\$ -	\$ -	\$ -	\$ 240,756

A recent third-party analysis of PosiGen estimated the valuation at \$184M, or slightly below the "Downside" threshold above. Staff anticipates a good probability of future PosiGen funding rounds, considered in the "Series 2" threshold. In all threshold levels considered above, the value of the incremental investment in this round of financing has significant upside. Conversely, the existing equity position, without participation, is substantially diluted by the preferred terms of the Note Financing (the "Series 1 Notes").

Furthermore, rather than putting new cash out the door, staff proposes a "yield sacrifice" similar to the financing previously arranged to execute the warrants for the Prior Preferred in 2021. The negotiated Note Financing structure agreed with PosiGen will facilitate a trade such that we could participate in the Note Financing in exchange for interest that PosiGen currently owes the Green Bank. This interest from the ITC Bridge Loan, currently approximately \$138,000, would be reduced by an amount equal to the cost of our participation of approximately \$121,321.93, with a remaining approximately \$16,678.07 outstanding (and paid to Green Bank).

## Recommendation

Given the considerable upside of the pull through investment, Green Bank staff recommends financing participation in Series 1 Preferred Stock with a yield sacrifice totaling \$121,321.93.

## Resolutions

**WHEREAS**, the Connecticut Green Bank (“Green Bank”) has an existing partnership with PosiGen, Inc. (together with its affiliates and subsidiaries, “PosiGen”) to support PosiGen in delivering a solar lease (including battery storage) and energy efficiency financing offering to LMI households in Connecticut;

**WHEREAS**, the Green Bank Board of Directors (the “Board”) previously authorized approval for Green Bank’s participation in equity financing through the exercise of warrants for 500,000 shares of Series D-3B of PosiGen, Inc. which was exercised in February 2021 (the “Prior Preferred Shares”);

**WHEREAS**, in June 2023 PosiGen has exchanged the Prior Preferred Shares for 7,500,000 shares of common stock of PosiGen Inc. and the opportunity to purchase Series 1 Preferred Stock;

**WHEREAS**, staff has analyzed a range of potential economic outcomes that could result from the Green Bank’s participation (or not) in the Series 1 Preferred Stock and related financing and has concluded that the investment risk is worth the potential upside return associated with the incremental investment, and recommends the Board approve the incremental investment not to exceed \$125,000 as more fully explained in a memorandum to the Board dated August 2, 2023;

**NOW**, therefore be it:

**RESOLVED**, that the Board authorizes the Green Bank to fully participate in the purchase of Series 1 Preferred Stock not to exceed \$125,000, as set forth in the Board Memo;

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

Submitted by: Bert Hunter, EVP and CIO

**Exhibit A**  
**October 16, 2020 Board Memo**

(attached)

# Investment Modification Memo

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

**CC:** Bryan Garcia, President and CEO; Jane Murphy, Vice President of Accounting and Financial Reporting; Brian Farnen, General Counsel and CLO; Eric Shrago, Managing Director of Operations

**From:** Bert Hunter, EVP and CIO

**Date:** October 16, 2020

**Re:** PosiGen Investment Update / Participation in 2nd Lien Facility / New Warrant Coverage

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## Background

Connecticut Green Bank ("Green Bank") staff last updated the Board of Directors (the "Board") with respect to our strategic partner for LMI solar and energy efficiency, PosiGen Inc. (together with its subsidiaries, "PosiGen") in March 2020, just as we were beginning to feel the initial impacts of COVID-19 here in Connecticut. At that time, it appeared that PosiGen was on the verge of closing a new equity capital round, and along with that equity round, the company was anticipating restructuring a significant portion of its corporate and asset-backed debt (including the Green Bank's facility) in turn. Unfortunately, as a number of large investors backed away from the company as a result of COVID-related concerns about potential recessionary effects on LMI homeowners, PosiGen was unable to close its equity round in late spring / early summer, and its financing situation has thus remained more-or-less static since that time. Regardless, the company has performed remarkably well with respect to core sales and portfolio performance over the intervening months. As a result of those strong key performance indicators ("KPIs"), PosiGen is now back on track with an equity investment syndicate and related capital restructuring plans, which together merit Green Bank attention and action in a few key ways. To that end, this memo will cover the following:

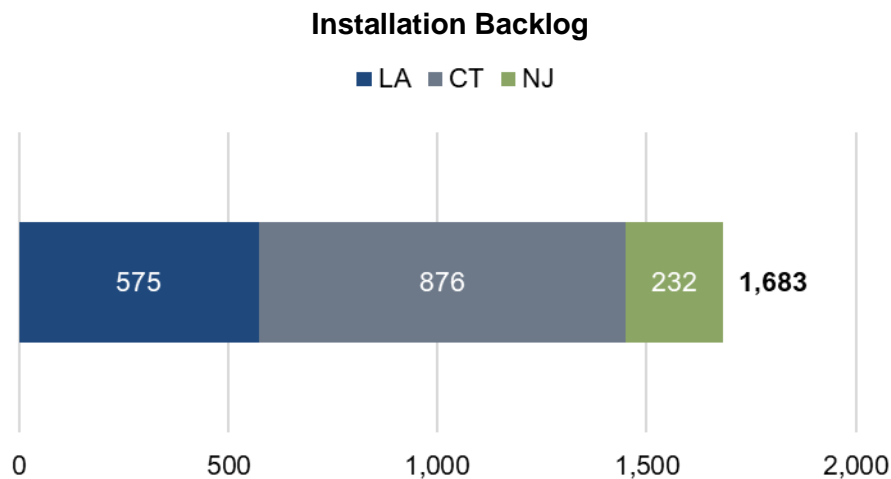
- PosiGen performance update through COVID;
- Anticipated next steps with respect to the company's corporate financing;
- The Green Bank's existing 2nd lien facility and a potential new participant in that loan; and
- Equity upside for the Green Bank associated with a restructured warrant agreement with PosiGen.

## PosiGen Performance Update through COVID

The company has reported that over the course of the pandemic, demand for PosiGen's solar + energy efficiency offering has increased significantly, and its existing customer base has performed quite well. PosiGen sold 464 systems in September 2020, which was the fourth consecutive month of over 400 sales, including breaking 500 sales for the first time in the company's history in the month of August. More importantly from a Connecticut perspective, PosiGen has clearly shifted its focus to our market, with new sales in Connecticut outperforming the company's home market of Louisiana for three straight months; on a YTD basis, Connecticut's 44% share of sales leads Louisiana by 5 percentage points, shown below:

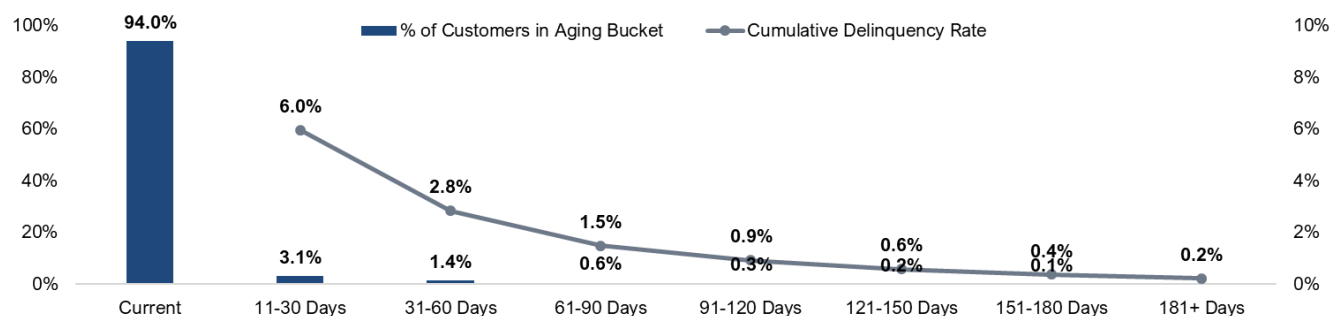
Month		LA	CT	NJ	Deco	Total
January	Final	77	110	23	18	228
February	Final	108	89	34	12	243
March	Final	86	90	35	14	225
April	Final	144	142	21	13	320
May	Final	143	151	45	16	355
June	Final	176	164	63	9	412
July	Final	197	200	51	15	463
August	Final	192	240	80	14	526
September	Preliminary	153	229	71	11	464
<b>Year-to-Date</b>		<b>1,276</b>	<b>1,415</b>	<b>423</b>	<b>122</b>	<b>3,236</b>

Installations trail sales, of course, but PosiGen's deployment performance through 2020 has likewise been quite strong, with 565 projects installed in Connecticut YTD (about half of which qualify for the Green Bank's elevated LMI incentive), and a backlog of ready-to-install systems in Connecticut that is now close to 900 projects.



Over and above the sales and install figures, the principal reason that PosiGen has been able to reengage so successfully with its investors is the performance of its operating portfolio of installed leases. As reflected below, the company's delinquencies have remained impressively low over the last seven months, despite the economic upheaval caused by COVID-19. On a YTD basis through September 2020, collections are 95.4% current vs 92.8% for the same period in 2019. As of September, the receivables aging is shown here:

**Cumulative % of Customers by Aging Bucket in September 2020**



This performance from a pool of LMI homeowners who were underwritten via energy savings – rather than FICO or other traditional credit metrics – is a testament to the power of the shared PosiGen / Green Bank approach to market expansion and clean energy access.

## Update on Corporate Capital Raise and Related Financings

Despite these positive business trends, PosiGen's corporate cash position has remained an ongoing issue, which the delay in equity financing has only exacerbated. As it relates to the Green Bank, the company is currently behind on its interest payments by several months, with an arrearage totaling close to half a million dollars (inclusive of penalty fees, and after netting out PBI funds owed from the Green Bank to PosiGen). As an observer to PosiGen's board, Green Bank staff have been closely monitoring the company's balance sheet and progress towards a capital raise, and to date it has been our strong opinion that the company remains a viable going concern with good prospects to raise new equity and improve its strength as a project sponsor / asset owner / Green Bank borrower. For this reason, rather than seeking to put the company into default or demanding interest payments during a cash-constrained time in the midst of a pandemic, we have instead worked with PosiGen to help the company best position itself for a successful capital raise, at which time there is expected to be adequate resources to bring PosiGen current on its Green Bank obligations and remain so after the capital raise.

### PosiGen Arrearages

Facility Stats				
Payment Period	CGB Non-PBI	CGB Portion of PBI		Past Due
	Balance	Beg. Balance	CGB Balance O/S	
May 2020	\$13,990,727	\$5,071,960	\$19,062,687	\$220,681
June 2020	\$13,990,727	\$4,948,099	\$18,938,825	\$284,090
July 2020	\$13,990,727	\$4,886,672	\$18,877,398	\$490,014
August 2020	\$13,990,727	\$4,886,672	\$18,877,398	\$762,784
September 2020	\$13,990,727	\$4,886,672	\$18,877,398	\$581,207

As of this writing, it appears that approach will be rewarded. Attached to this memo is a term sheet from a syndicate of investors for a \$40 million equity round into the company, currently projected to close in mid-November. An inside investor is leading the round, but a combination of growth equity, family office, and institutional investors – all with an “impact” focus – plan to participate. Documentation is currently in process, and while the deal is not yet done, it looks to have the support of all major stakeholders.

In parallel, PosiGen is restructuring its debt in a few critical ways, all of which immediately benefits the Green Bank:

- The company's senior corporate lender is converting a meaningful portion of its debt into equity, while otherwise significantly extending the maturity of their remaining debt
- Ares Capital Management, which currently holds the 1<sup>st</sup> lien position on PosiGen's pool of operating leases ahead of the Green Bank, has agreed to expand its credit line to the company, in addition to refinancing and incorporating into their facility an approximately \$5.3 million pool of more expensive asset-backed debt currently held by New Island Capital (to which the Green Bank is also subordinate)

## Participation in CT Green Bank 2<sup>nd</sup> Lien Facility

At the same time, as PosiGen continues to grow, and especially with an increasing focus on accelerating deployment in Connecticut, the company remains in need of further asset-backed financing sources. Recognizing that the Green Bank has no appetite for increased exposure, PosiGen has sourced another mission-aligned investor to participate in the Green Bank's existing credit facility. Convened by the investment advisor / manager the Candide Group, which bills itself as “directing capital away from an extractive global economy towards investments dedicated to social justice and sustainability,” a small club of philanthropic foundations is now looking to invest between \$2.5 and \$5 million into the Green Bank's 2<sup>nd</sup> lien credit facility as a way to further support PosiGen's growth, conditional on the closing of the company's



upcoming equity round. To be clear, this would be in addition to – rather than replacing – the \$14 million in exposure that the Green Bank currently has to PosiGen’s lease portfolio.

Although PosiGen has committed to handling all payment arrangements and investor relations associated with this Candide-sourced club, staff and the company have nonetheless agreed that the Green Bank should receive some compensation for the use of the Green Bank balance sheet in this fashion, with 20 basis points on the level of participation by Candide being the recommended amount, which at an estimated \$3 million participation would equate to \$500 monthly and \$6,000 annually.

As a final note on this front, while Green Bank staff is comfortable with this new participation, PosiGen has continued to reiterate a prior commitment with respect to the 2<sup>nd</sup> lien facility; namely, that after strengthening its corporate balance sheet, the company still expects to refinance the entire Green Bank 2<sup>nd</sup> lien position in early 2021, if not before. PosiGen knows that it needs a mezzanine lender who can truly grow with the company, and after the capital restructuring associated with this equity round is complete, it should be able to attract such a player.

### Equity Upside via Warrants

Finally, the Green Bank currently holds a small pool of warrants in PosiGen, which were negotiated as part of an earlier round of financing for the company. These warrants were never a part of prior Board requirements but were, nonetheless, a bargain struck by staff with PosiGen management to participate in any eventual offering of equity. With this upcoming equity raise, the company has asked all warrant holders to adjust certain terms of their agreements in order to facilitate a successful closing and simplify an extremely complicated capital stack. Green Bank staff has therefore negotiated a trade for a smaller amount of warrants than we currently have the right to exercise (to be precise – 500,000 shares, or about 0.6% of the company) but at much improved pricing (a 75% discount against the price of the equivalent class of shares), and into a preferred equity position in line with all other warrant holders. This approach preserves value for the Green Bank, while still enabling the company to complete this critical transaction, so we see it as a win-win. Staff has carefully analyzed the potential upside for such exercise of warrants, and based on a reasonable exit value for PosiGen in 4 years’ time, believes a return of Green Bank’s investment (such investment not to exceed \$250,000 or approximately 0.6% on a fully diluted basis, or 500,000 shares) is attainable (and would about a 30% increase in the post-new money valuation of PosiGen of \$86 million) and that an attractive return on investment, based on valuation metrics of similar solar companies is compelling. (On a comparable exit valuation, the shares would be worth approximately \$1.5 million.)

Value							
-	110,000,000	115,000,000	200,000,000	250,000,000	300,000,000	350,000,000	400,000,000
Warrants - CTGB Warrants	\$232,636	\$245,000	\$485,803	\$797,245	\$1,044,142	\$1,284,052	\$1,521,154

Furthermore, rather than putting new cash out the door by exercising these warrants at the closing of PosiGen’s Series D round, the newly negotiated warrant structure should facilitate a trade such that we could exercise our position in exchange for the penalty interest that PosiGen currently owes the Green Bank, thus helping the company meet its obligations while simultaneously giving the Green Bank a significant upside opportunity in the newly strengthened entity. This penalty interest, currently approximately \$205,000, would be supplemented by a reduction of the yield on our facility of approximately 15 basis points (from 7.50% to 7.15%) from approximately the date of exercise to the end of the current fiscal year (approximate value \$45,000). Effectively, this compensates Green Bank for conveying some “COVID-19” relief as PosiGen puts the finishing touches on its equity raise.

## Recommendation

Despite a somewhat bumpy road, staff is encouraged by the resilience PosiGen has shown during these challenging times, and by the company's demonstrated ability to attract capital to continue to serve LMI homeowners and pursue its "Solar for All" mandate in Connecticut and beyond. We are pleased that PosiGen has nearly completed its upcoming capital raise, and believe that a strengthened balance sheet will serve both the company and the Green Bank well as we pursue our shared objectives. Conditional upon the closing of new equity, therefore, staff recommends that a) the Green Bank allow for new participants in our existing 2<sup>nd</sup> lien credit facility in an amount not-to-exceed \$5 million, and b) exercise its renegotiated warrants (most likely via setoff) so that we can ourselves participate in any upside associated with the company's renewed growth trajectory.

## Resolutions

**WHEREAS**, the Connecticut Green Bank (“Green Bank”) has an existing partnership with PosiGen, Inc. (together with its affiliates and subsidiaries, “PosiGen”) to support PosiGen in delivering a solar lease and energy efficiency financing offering to LMI households in Connecticut;

**WHEREAS**, the Green Bank Board of Directors (“Board”) previously authorized and later amended the Green Bank’s participation in a 2<sup>nd</sup> lien credit facility (the “BL Facility”) encompassing all of PosiGen’s solar PV system and energy efficiency leases in the United States as part of the company’s strategic growth plan, so long as Green Bank’s retained risk did not to exceed \$14 million;

**WHEREAS**, PosiGen is currently finalizing an equity round projected to raise approximately \$40 million;

**WHEREAS**, the Candide Group (“Candide”) would like to participate in the Green Bank’s BL Facility in an amount not-to-exceed \$5 million, such that the overall facility would be capped at \$19 million with the Green Bank’s retained risk not exceeding \$14 million as more fully explained in a memorandum submitted to the Board October 16, 2020 (the “Memorandum”);

**WHEREAS**, the Green Bank has warrants in PosiGen that require restructuring for PosiGen to complete its equity round but nonetheless provide the Green Bank a meaningful opportunity to participate in the company’s equity upside if renegotiated as explained in the Memorandum.

**NOW**, therefore be it:

**RESOLVED**, that the Board authorizes the Green Bank to enable Candide to participate in the BL Facility, subject to PosiGen closing its upcoming equity round, such that the BL Facility would be capped at ~~\$19~~\$20 million with the Green Bank’s retained risk not exceeding \$14 million and a participation by Candide in the BL Facility not to exceed \$5 million;

**RESOLVED**, that the Board authorizes the Green Bank to renegotiate its existing warrant agreement with PosiGen to facilitate the closing of that round, so long as the Green Bank’s anticipated return profile is preserved in accordance with the Memorandum; and

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

Submitted by: Bert Hunter, EVP and CIO

