BOARD OF DIRECTORS OF THE
CONNECTICUT GREEN BANK
Regular Meeting Minutes

Friday, January 26, 2024
9:00 a.m. – 11:00 a.m.

A regular meeting of the Board of Directors of the **Connecticut Green Bank** (the "Green Bank") was held on January 26, 2024.

Board Members Present: Bettina Bronisz, Thomas Flynn, Dominick Grant, John Harrity, Robert Hotaling, Adrienne Houël, Matthew Ranelli, Lonnie Reed, Hank Webster, Brenda Watson

Board Members Absent: Joanna Wozniak-Brown

Staff Attending: Emily Basham, David Beech, Priyank Bhakta, Larry Campana, Shawne Cartelli, Sergio Carrillo, James Desantos, Catherine Duncan, Mackey Dykes, Emma Ellis, Brian Farnen, Bryan Garcia, Bert Hunter, Alex Kovtunenko, Stephanie Layman, Alysse Lembo-Buzzelli, Cheryl Lumpkin, Desiree Miller, Jane Murphy, Ariel Schneider, Katie Shelton, Eric Shrago, Dan Smith, Mariana Trief, Leigh Whelpton

Others present: Ben Healey and Tom Neyhart from PosiGen

1. Call to Order

- Lonnie Reed called the meeting to order at 9:04 am.

2. Public Comments

- No public comments.

3. Consent Agenda

a. Meeting Minutes of December 15, 2023

<u>Resolution #1</u>

Motion to approve the meeting minutes of the Board of Directors for December 15, 2023.

b. C-PACE Project Extensions

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 Connecticut Green Bank Board of Directors (the "Board") or the Connecticut Green Bank Deployment Committee ("DC"), as may be applicable, approved and authorized the President of the Green Bank to execute financing agreements for the C-PACE projects described in this Memo submitted to the Board on January 19, 2024 (the "Finance Agreements");

WHEREAS, the Finance Agreements were authorized to be consistent with the terms, conditions, and memorandums submitted to the Board or DC, as may be applicable, and executed no later than 120 days from the date of such Board or DC 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 Board extends authorization of the Finance Agreements to no later than 120 days from January 19, 2024 and consistent in every other manner with the original Board or DC authorization for the Finance Agreement.

c. Under $500,000 and No More in Aggregate than $1,000,000

Resolution #3

WHEREAS, on January 18, 2013, the Connecticut Green Bank (the "Green Bank") Board of Directors (the "Board") authorized the Green Bank staff to evaluate and approve funding requests less than $300,000 which are pursuant to an established formal approval process requiring the signature of a Green Bank officer, consistent with the Green Bank Comprehensive Plan, approved within Green Bank's fiscal budget and in an aggregate amount not to exceed $500,000 from the date of the last Deployment Committee meeting, on July 18, 2014 the Board increased the aggregate not to exceed limit to $1,000,000 ("Staff Approval Policy for Projects Under $300,000"), on October 20, 2017 the Board increased the finding requests to less than $500,000 ("Staff Approval Policy for Projects Under $500,000"); and

WHEREAS, Green Bank staff seeks Board review and approval of the funding requests listed in the Memo to the Board dated January 26, 2024 which were approved by Green Bank staff since the last Deployment Committee meeting and which are consistent with the Staff Approval Policy for Projects Under $500,000;

NOW, therefore be it:

RESOLVED, that the Board approves the funding requests listed in the Memo to the Board dated January 19, 2024 which were approved by Green Bank staff since the last Deployment Committee meeting. The Board authorizes Green Bank staff to approve funding requests in accordance with the Staff Approval Policy for Projects Under $500,000 in an aggregate amount to exceed $1,000,000 from the date of this Board meeting until the next Deployment Committee meeting.

Upon a motion made by Robert Hotaling and seconded by Hank Webster, the Board of Directors voted to approve the Consent Agenda which consists of Resolutions 1 – 3. None opposed or abstained. Motion approved unanimously.

4. Committee Updates and Recommendations

a. Audit, Compliance, and Governance Committee

i. Auditors of Public Account

- Jane Murphy summarized the findings of the FY20 and FY21 audits which had two minor findings, a lack of penalty for false statement language in contracts and agreements, and the agency does not identify or track surplus funds from bond issuances. Both issues have been corrected and the team was happy with the results of the audit.

b. Budget, Operations, and Compensation Committee

i. FY24 Targets and Budget including Greenhouse Gas Reduction Fund Contingent Option – Proposed Revisions

- Eric Shrago reviewed the FY24 organizational targets starting with the Incentive Programs, which are increasing the number of projects but decreasing the investment total and MW deployed.
- Sergio Carrillo added that for ESS, particularly on the Residential side, there is low deployment primarily due to the absence of Original Equipment Manufacturers and Third Party Owners as well as issues caused by affordability. The application process is also more complicated than contractors would like and so solutions to simplify the process are being investigated. As for affordability, the cost to install is too steep for most customers and the upfront incentive seems inadequate for the cost of the battery. In reality, installing a battery system is at least double what was originally expected. Until the issues are resolved, it will continue to be an uphill battle.
    - Bettina Bronisz asked what the impact is to LMI communities. Sergio Carrillo answered that due to the $30,000 cost for a battery, it is not accessible to many including those in LMI communities, but for LMI customers it would be through Third Party Owners, but many of the companies that were expected to join the program have not been able to. PosiGen has joined but they haven't fully been able to deploy batteries.
- Eric Shrago continued with summarizing the targets for the Financing Program, which includes decreases for the number of projects, capital invested, and MW deployed. This is mostly due to PPA reductions.
- Eric Shrago summarized the proposed changes to the budget including revenues, expenses, and compensation structure changes.
    - Hank Webster asked for further explanation to the cuts to the incentives, such as which programs. Eric Shrago answered it is due to lower forecasts around the cleanup of SHREC and the reduction in battery storage. Hand Webster asked for clarification about the information as presented and Dan Smith responded that the adjustment was for the PBIs and EPBBs, so the lower number is what was paid versus what was expected. The adjustment does not actually include a change to ESS. Dominick Grant asked if that was

a lagging adjustment and Eric Shrago stated there is a delay between project completion and incentive paid, but the battery storage incentive target should be adjusted down.

Resolution #4

WHEREAS, pursuant to Section 5.2.2 of the Bylaws, the Connecticut Green Bank's Budget, Operations, and Compensation Committee has reviewed and recommended to the Board of Directors to approve (1) the revised FY2024 Targets and Budget, (2) the update to the salary structure presented, and (3) extend the professional services agreements (PSAs) with the aforementioned strategic partners for fiscal year 2024 with the amounts of each PSA not to exceed the applicable approved budget line item;

NOW, therefore be it:

RESOLVED, that Connecticut Green Bank Board of Directors approves of the: (1) the revised FY2024 Targets and Budget, (2) the update to the salary structure presented, (3) extend the professional services agreements (PSAs) with the aforementioned strategic partners for fiscal year 2024 with the amounts of each PSA not to exceed the applicable approved budget line item, and (4) approves of the two accompanying job descriptions.

Upon a motion made by Robert Hotaling and seconded by Brenda Watson, the Board of Directors voted to approve Resolution 4. None opposed or abstained. Motion approved unanimously.

c. Deployment Committee

i. Under $500,000 and No More in Aggregate than $1,000,000 Staff Transaction Approval Process – Proposed Revision

- Brian Farnen summarized the history of the Staff Approval process and the proposed changes after receiving feedback from the Deployment Committee. The primary issue was that the queue was filling too quickly due to Financing and ESS program approvals being in the same bucket. The proposed change would separate Financing projects and ESS projects into their own queues. Mackey Dykes added further clarification of the example presented, showing how in the past the one-bucket approval process caused issues.

Resolution #5

WHEREAS, At the October 20, 2017 Board of Directors (Board) meeting of the Connecticut Green Bank (Green Bank) the Board approved a process for the Green Bank staff to evaluate and approve funding requests less than $500,000 and in an aggregate amount not to exceed $1,000,000 from the date of the last Deployment Committee meeting (Under $500,000 Approval Process for Financing Programs).

WHEREAS, at its June 24, 2022 meeting, the Board approved a process for the Green Bank staff to evaluate and approve upfront incentives for projects participating in the ESS Program (ESS Approval Process). The approval process for ESS incentives below $500,000 is identical and subject to the same aggregate limit as the Under $500,000 Approval Process for Financing Programs.

WHEREAS, the Deployment Comment recommended at its December 15, 2023 Special

Meeting a modification of the Under $500,000 Approval Process for Financing Programs and ESS Approval Process as described in the memorandum to the Board dated January 19, 2024 (the "Memo").

NOW, therefore be it:

RESOLVED, that the Green Bank Board approves the modification of the Under $500,000 Approval Process for Financing Programs and ESS Approval Process as more particularly described in the Memo.

Upon a motion made by Matthew Ranelli and seconded by Hank Webster, the Board of Directors voted to approve Resolution 5. None opposed or abstained. Motion approved unanimously.

5. Investment Programs Updates and Recommendations

a. Energy Storage Solutions – Wesleyan University

- Sergio Carrillo summarized a project for Wesleyan University for a 4,900 kW battery storage system for 10.360 kWh, to be owned by CPower, for $4.4million. The expected upfront incentive would be just over $1million. He reviewed how the incentives are calculated, which is to multiple the kWh of the project to the applicable incentive rate, which is based on the system size. The expected 10-year performance incentive is $3.4million. Sergio Carrillo then explained some of the other metrics for the project which show the project to be favorable overall.

<u>Resolution #6</u>

WHEREAS, in its June 24, 2022 meeting, the Connecticut Green Bank Board of Directors ("Board") approved the implementation of Upfront Incentive Project Approval procedures ("Procedures") for non-residential projects under the Energy Storage Solutions Program ("Program") with an estimated upfront incentive payment greater than $500,000 and procedures for less than $500,000;

WHEREAS, as part of the Procedures, Green Bank staff shall present Program projects via the consent agenda utilizing a standard form Tear Sheet process described in the memorandum to the Board dated June 24, 2022;

WHEREAS, in its December 9, 2022 meeting, the Board approved updated Procedures to better align with the Program process; and

WHEREAS, Green Bank Staff reviewed funding requests for projects with incentives below $500,000, and approved them via Project Approval Forms for a total amount of $560,400 and intends to issue Reservation of Fund letters.

NOW, therefore be it:

RESOLVED, that the Green Bank Board hereby approves the estimated upfront incentives for one (1) non-residential project above $500,000 totaling $1,036,000, consistent with the approved Procedures and this memorandum dated January 19, 2024; and,

RESOLVED, that the proper Green Bank officers are authorized and empowered to do all other acts and execute and deliver any and all documents and regulatory filings as they shall deem necessary and desirable to affect the above-mentioned incentives consistent with the Procedures.

Upon a motion made by Bettina Bronisz and seconded by Adrienne Houël, the Board of Directors voted to approve Resolution 6. None opposed and Matthew Ranelli abstained. Motion approved.

6. Financing Programs Updates and Recommendations

a. C-PACE Project – Cheshire

- Catherine Duncan reviewed the details of a previously approved project in Cheshire, CT, as the owner has decided to reduce the payment term from 20-years down to 5-years, which required the operating company to come in as a co-borrower. As well, the dollar amount for financing has changed a bit. It is a 5-year term with an interest rate of 5% for a $750,834 loan. She reviewed the key metrics for the project loan.
    - Matthew Ranelli asked why the customer had to rewrite the loan. Catherine Duncan stated the loan had not yet been closed but if it had, pre-payment penalties would have applied.

<u>Resolution #7</u>

WHEREAS, pursuant to Connecticut General Statute Section 16a-40g (the "Statute"), the Connecticut Green Bank ("Green Bank") has established 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 $750,833.85 construction and term loan under the C-PACE program to 30 Grandview Court, LLC, the building owner of 30 Grandview Court, Cheshire, 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 as more particularly described in the memorandum submitted to the Green Bank Board of Directors dated January 19, 2024 (the "Memo"); and

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 Memo , 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 this resolution;

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 Statute, including but not limited to the savings to investment ratio and lender consent requirements; and

RESOLVED, that the duly authorized 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.

Upon a motion made by Matthew Ranelli and seconded by Hank Webster, the Board of Directors voted to approve Resolution 7. None opposed or abstained. Motion approved unanimously.

b. C-PACE Resiliency

- Mackey Dykes summarized the history of the statutory changes to C-PACE to include Resiliency financing and desire to present to the Board before the changes go into a Public Comment period. Alysse Lembo-Buzzelli reviewed Public Act 22-6, the statute's definition of resiliency, its impact on C-PACE and the market, and the Green Bank's approach so far. She reviewed the program eligibility and requirements as well as some examples. Mackey Dykes added that the Institute for Business & Home Safety (IBHS) governs the FORTIFIED standard being used and is an association of all the major insurance companies. Alysse Lembo-Buzzelli explained the different levels of FORTIFIED certification, other resiliency measures being considered, and highlighted that resilience measures can be incorporated into new construction projects.
    - Robert Hotaling asked what the general timeframe it takes to pull together an assessment and what the costs are, whether that would inhibit them from participating. Alysse Lembo-Buzzelli said for the timeline, she wasn't sure as there haven't been any projects of this type yet and there are many variables that could affect it. As for cost, the intent of using this type of financing would be to allow property owners to make the improvements if they weren't able to before.
    - Adrienne Houël asked how these standards relate to all the other regulations for contractors, in terms of conflicting or superseding requirements. Alysse Lembo-Buzzelli stated she hasn't compared all the standards, but there may be some carryover between them. A closer examination would be needed. Mackey Dykes added that the team tries to make C-PACE as accessible as possible and to align with pre-existing standards when possible.
    - Adrienne Houël asked if there is any financing available for resiliency hubs. Mackey Dykes responded that it is a bit too early to know how it could affect resiliency hubs, but his feeling is that they may be public buildings. However, if it were a private building, then C-PACE could be a source of financing. For public buildings, C-PACE could not be used unfortunately.
    - Robert Hotaling asked that in a future Board meeting for a comparison of standards to understand the overlap between them. Bryan Garcia agreed that the comparison could be put together then elaborated more on recent research and efforts on resiliency.
    - Matthew Ranelli asked in the chat before he had to leave the meeting: I have to jump off but three quick questions (1) if the SIR>1.2 does not apply what SIR applies? (2) how does this SIR translate for LMI incentives and (3) how are we requiring the recipient to insure the end building or work against storm, flood and other hazards? Mackey Dykes stated that follow up would be done with him in an email, but for the meeting today he responded the SIR does not apply to resiliency as there is no requirement. He did not understand the second question, and for the third question he responded that on the lending side there are insurance requirements from the borrower though for other lenders at the program level, there is no insurance requirement and it is

up to the private market to determine which requirements they want to put in place.

Brenda Watson and Matthew Ranelli left the meeting at 10:00 am.

7. Investment Programs Updates and Recommendations

a. PosiGen Recommendation and DOE / LPO SEFI Update

- Bert Hunter and Bryan Garcia summarized the impact of the partnership with PosiGen under the Solar For All campaign. Bert Hunter reviewed the current 1st Lien and 2nd Lien facilities and the expansion of them, bringing the Green Bank's maximum exposure from $9,250,000 to $17,250,000. He reviewed the Risk Assessment, noting the portfolio is strong with a high and stable collection rate. He also explained that staff and PosiGen are working with the U.S. Department of Energy's Loan Production Office ("LPO") under its State Energy Financing Institution ("SEFI") Program to enable PosiGen to obtain debt funding from the SEFI Program. Mr. Hunter and Mr. Healey discussed the progress PosiGen was making with LPO to move PosiGen's application along. Bert Hunter explained that staff expects to bring forward a proposal for the Board's approval in the spring, potentially in March.
- Ben Healy and Tom Neyhart explained how the Green Bank and work within Connecticut has driven PosiGen's progress and that they are committed to investment and growth within Connecticut.
  - Robert Hotaling noted the hard work done by PosiGen and appreciated their efforts especially within LMI communities.

<u>Resolution #8</u>

WHEREAS, the Connecticut Green Bank ("Green Bank") has an existing partnership with PosiGen, PBC (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 a back leverage credit facility (the "BL Facility") collateralized by all of PosiGen's solar PV system and energy efficiency leases in the United States as part of PosiGen's strategic growth plan, as well as a facility to finance performance based incentives earned by PosiGen on its solar PV portfolio in Connecticut;

WHEREAS, PosiGen is now in the process of upsizing its BL Facility with Brookfield Asset Management ("Brookfield"), as explained in the memorandum to the Board dated January 23, 2024 (the "Board Memo");

WHEREAS, PosiGen's repayment performance on its existing obligations remains consistent and satisfactory;

NOW, therefore be it:

RESOLVED, that the Board authorizes the Green Bank to amend its existing 2nd lien facility as part of the BL Facility to allow for an upsized Green Bank position together with the first lien lender, Brookfield (itself upsizing its position and expanding its collateral base), as set forth in the Board Memo;

RESOLVED, that the Board authorizes the Green Bank to advance up to $24 million in 2nd lien financing associated with the New BL Facility, inclusive of third-party participation, as set forth in the Board Memo; 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 affect the above-mentioned legal instruments.

Upon a motion made by Hank Webster and seconded by Robert Hotaling, the Board of Directors voted to approve Resolution 8. None opposed or abstained. Motion approved unanimously.

b. FuelCell Energy Derby – Transaction Approval

- David Beech summarized two FuelCell Energy projects in Derby, one is a 2.8 MW Shared Clean Energy Facility and the other is a 14 MW DEEP solicitation project with a total project cost of $99 million, with the Green Bank in a Senior Term Loan of $3 million and a Subordinate Term Loan of $3.5 million, for a total exposure of $6.5 million. He reviewed the term financing of the Senior and Subordinate loans, the loan structures, and risk mitigations,
  - John Harrity asked how much carbon is saved through these fuel cells over conventional power production. David Beech responded that it would be about half of the CO_2 emissions of the New England grid, so about half of the carbon savings for every kilowatt hour produced, leading to about 418,000 tonnes of CO_2 over the lifetime of the projects. As well, the projects are able to run on hydrogen. John Harrity asked if there were any plans to bring the projects to green hydrogen use. David Beech responded not at this point, but perhaps in the future if the cost of green hydrogen were more cost competitive and if there were any State policies requiring the use of green hyrdrogen.
- David Beech summarized the Subscriber benefits from the 2.8 MW SCEF project.

<u>**Resolution #9**</u>

WHEREAS, in accordance with (1) the statutory mandate of the Connecticut Green Bank ("Green Bank") to foster the growth, development, and deployment of clean energy sources that serve end-use customers in the State of Connecticut, (2) the State's Comprehensive Energy Strategy ("CES") and Integrated Resources Plan ("IRP"), and (3) Green Bank's Comprehensive Plan in reference to the CES and IRP, Green Bank continuously aims to develop financing tools to further drive private capital investment into clean energy projects;

WHEREAS, FuelCell Energy, Inc., of Danbury, Connecticut ("FCE") has used previously committed funding (the "Bridgeport Loan") from Green Bank to successfully develop a 15 megawatt fuel cell facility in Bridgeport, Connecticut (the "Bridgeport Project"), and FCE has operated and maintained the Bridgeport Project without material incident, is current on payments under this loan;

WHEREAS, FCE has used previously committed funding (the "Master Refinance Loan Projects") from Green Bank to successfully refinance a portfolio of six fuel cell projects, with 68% of the nameplate capacity being Connecticut sited projects, and FCE has operated and maintained the Master Refinance Loan Projects without material incident, is current on payments under this loan;

WHEREAS, FCE has used previously committed funding (the "Groton Loan Project") from Green Bank to successfully develop a 7.4 megawatt fuel cell project in Groton, Connecticut located on the U.S. Navy submarine base and supported by a power purchase agreement ("PPA") with the Connecticut Municipal Electric Energy Cooperative ("CMEEC"), and FCE has operated and maintained the Groton Loan Project without material incident, is current on payments under this loan ;

WHEREAS, FCE has requested financing in support of private capital from the Green Bank to develop a 2.8 megawatt fuel cell Shared Clean Energy Facility project (the "SCEF Project") and a 14 megawatt fuel cell Department of Energy and Environmental Protection solicitation project (the "DEEP" Project"), both in Derby, Connecticut (together the "Derby Projects");

WHEREAS, staff has considered the financing needs for the Derby Projects, collaboratively with the senior lender, Liberty Bank of Middletown Connecticut ("Liberty"), and have structured a term loan facility whereby the Green Bank would participate on an equivalent security basis with Liberty for a senior term loan (the "Senior Loan") and separately Green Bank would provide an additional loan (the "Subordinated Loan") subordinated to the Senior Loan;

WHEREAS, staff has considered the merits of the Derby Projects and the ability of FCE to construct, operate and maintain each facility, support the obligations under the Senior Loan and the Subordinated Loan (together being the "Credit Facility") throughout their respective terms, and as set forth in the due diligence memorandum dated January 23, 2024 (the "Board Memo"), has recommended this support be in the form of funding not to exceed $3,000,000 in respect of the Senior Loan and funding not to exceed $3,500,000 in respect of the Subordinated Loan, secured by all project assets, contracts and revenues as described in the Board Memo;

NOW, therefore be it:

RESOLVED, that the Green Bank Board of Directors (the "Board") hereby approves the Credit Facility in an amount not to exceed $3,000,000 in respect of the Senior Loan and funding not to exceed $3,500,000 in respect of the Subordinated Loan, as a <u>*strategic selection and award*</u> pursuant to Green Bank Operating Procedures Section XII; and

RESOLVED, that the President of the Green Bank and any other duly authorized officer is authorized to take appropriate actions to provide the Credit Facility to FCE (or a special purpose entity wholly-owned by FCE) in an amount not to exceed $3,000,000 in respect of the Senior Loan and funding not to exceed $3,500,000 in respect of the Subordinated Loan with terms and conditions consistent with the Board Memo, and as he or she shall deem to be in the interests of the Green Bank and the ratepayers no later than 180 days from the date of authorization by the Board; 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 Term Loan.

Upon a motion made by Robert Hotaling and seconded by Adrienne Houël, the Board of Directors voted to approve Resolution 9. None opposed or abstained. Motion approved unanimously.

c. IPC Loan Expansion – Transaction Approval

- Mariana Trief summarized the current arrangement of the two IPC Loan Facilities and the changes proposed to them, which is a request to enter into a new or amended construction loan and term loan facility in a total amount not to exceed $15 million with changes to the total investment, interest rate, ability to draw on the Investment Tax Credit amount, and allowance for how ITC can be monetized.
    - Robert Hotaling asked what the utilization of the construction financing facility is. Marianna Trief responded that the total amount that has been utilized has been low but there is still the desire to keep the facility to allow IPC to draw on it for construction if needed, and it is a revolving facility. Robert Hotaling responded that the clarification was helpful and he understands.

Resolution #10

WHEREAS, the Connecticut Green Bank ("Green Bank") Board of Directors approved at its meeting held on October 26, 2018 debt funding to finance third party ownership platforms like Inclusive Prosperity Capital ("IPC");

WHEREAS, CEFIA Holdings LLC subsequently entered into a $5,000,000 term loan facility with Inclusive Solar Manager CT I, LLC and $5,000,000 construction facility with Inclusive Solar Company II, LLC (both, "Existing Loan Facilities");

WHEREAS, given the rate of utilization of the Existing Loan Facilities and need to allow for flexibility to monetize the Investment Tax Credit ("ITC"), Green Bank staff proposes providing financing to new entities owned by IPC for the purpose of owning any solar projects it develops in the future;

NOW, therefore be it:

RESOLVED, that the Board approves staff's request to enter into either a new or amended construction and term facility in an amount not to exceed $15,000,000 ("New Loan Facilities") with IPC entities, such amount being inclusive of amounts outstanding under the Existing Loan Facilities);

RESOLVED, that the President of the Green Bank; and any other duly authorized officer of the Green Bank, is authorized to execute and deliver, any contract or other legal instrument necessary to effect the modification of the Existing Loan transaction or to enter into additional documentation for the New Loan Facilities on such terms and conditions as are materially consistent with the Board Memo; 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 affect the above-mentioned legal instrument.

Upon a motion made by Robert Hotaling and seconded by John Harrity, the Board of Directors voted to approve Resolution 10. None opposed or abstained. Motion approved unanimously.

d. Bausch Project – Restructuring Approval

- Desiree Miller summarized the three separate contracts with Bausch, for a Solar Lease, for Energy Efficiency C-PACE, and for Solar C-PACE, and their histories. For the Solar Lease there was underproduction and issues with repairs and diagnostics, so during that time Bausch withheld payments and has not paid since July 2021. She reviewed the proposed restructuring of the contracts which includes converting the Solar Lease into a PPA to bring it up to today's contractual standard, and one payment would be waived to compensate for the underproduction. For all three contracts, the payment terms would be extended equal to the number of payments not made and to waive late fees, which would cost the Green Bank $70,000 over the three contracts' lifetimes. These measures are meant to compensate Bausch for underproduction, acknowledge their negative customer experience, and avoid litigation.
    - Robert Hotaling asked what the negative possibilities are. Desiree Miller stated that it is essentially litigation avoidance and risk mitigation. Brian Farnen added that it has been a difficult experience and the Green Bank is at the point where the settlement is accepted or the case goes to court.
    - John Harrity asked what the Trina module is if it extends beyond these installations. Desiree Miller responded Trina is a solar panel manufacturer and the voltage-to-ground issue is being seen on other systems with the same model of module, and so the Green Bank is going through the warranty process to address the issues. In this case, the underperformance was significant compared to others so the issue was identified here and is now being addressed for those other sites.
    - Robert Hotaling asked how systemic the issue with Trina and Chinese modules is and what the wider risk is. Desiree Miller responded it is not all Trina modules but is just the ones from this specific manufacturing run. It is about 5 to 6 sites and is a relatively small issue with them already being addressed. Bert Hunter stated the process is well known and it is not a major concern. It is not a systemic issue.

<u>Resolution #11</u>

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 three certain Financing Agreement dated October 16, 2015, January 7, 2019 and April 24, 2019 ("Three Separate Contracts") with SBB Inc, the building owner of 115 Nod Road, Clinton CT, to finance the construction of certain clean energy measures through the Solar Lease and C-PACE programs.

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 the Loss Process, Green Bank staff seeks the Green Bank Board approval to restructure the Three Separate Contracts by extending the duration, waiving late fees, waiving one Lease semi-annual payment and converting the Solar Lease into a Power Purchase Agreement, as more particularly described in the memorandum submitted to the Board of Directors dated January 19, 2024 (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 Three Restructured Contracts, with terms and conditions materially 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.

Upon a motion made by John Harrity and seconded by Robert Hotaling, the Board of Directors voted to approve Resolution 11. None opposed or abstained. Motion approved unanimously.

8. Legislative Process

- James Desantos summarized the upcoming regular Legislative session expectations at a high-level, including how it will interact with various legislations under the Energy & Technology Committee, Environment Committee, and some other sources.
  - John Harrity asked if the legislation about heat pump would include heat pump loops, which is a newer technology. Brian Farnen responded that it may be considered a new technology and would likely not fall into this legislation.
  - John Harrity commented that his representative, Rep Mark Anderson, seemed very interested in nuclear energy and wanted to let the Green Bank know. James Desantos added that Rep John Steinberg and Rep Pat Callahan also were recently discussing small, nuclear modular reactors and there may be a Task Force established to investigate it further. Brian Farnen stated that the Green Bank cannot finance nuclear projects.

9. Other Business

a. Residential Renewable Energy Solutions (Affordable Housing) – Annual Review

- Mackey Dykes summarized the history and work done towards scaling up solar deployment in the Affordable Multifamily sector including the definition expansion, tariff change impact, benefits and distributions, the IRA impact, Solar MAP expansion into affordable housing, proposed Green Bank Solar Lease, and an example through the New Haven Housing Authority.
  - John Harrity asked if it is only for multifamily or if single family homeowners could benefit. Mackey Dykes responded that the statute defines it for multifamily, so 5 units or more, but single-family homes are eligible for RRES through the State or by going through PosiGen.

Bettina Bronisz left the meeting at 11:30 am.

b. Energy Storage Solutions – Annual Review

- Sergio Carrillo summarized the program progress for Energy Storage Solutions, which had massive uptake in the Non-Residential sector but extremely slow uptake for Residential customers, indicating very little interest in the Residential program but because of their size they can come online fairly quickly. In the Non-Residential sector, uptake is large with decent project approval but extremely slow project installation due to problems with the inter-connection queue. He reviewed the changes between Year 2 and Year 3 for the program.

10. Adjourn

Upon a motion made by John Harrity and seconded by Hank Webster, the Board of Directors meeting adjourned at 11:34 am.

Respectfully submitted,

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Lonnie Reed, Chairperson