



Board of Directors

Meeting Date

April 26, 2024



Board of Directors

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

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



April 19, 2024

Dear Connecticut Green Bank Board of Directors:

We have a **regular meeting** of the Board of Directors for 2024 scheduled for **Friday, April 26, 2024 from 9:00-11:00 a.m.**

Please take note, for those of you that want to be at the meeting in-person, we will have space at our offices for you to join. Otherwise, this will be an online meeting.

For the agenda, we have the following:

- **Consent Agenda** – we have several items on the consent agenda, including:

- Meeting Minutes of March 15, 2024

In addition to the item requiring resolution, there are also documents that you might be interested in perusing that are report outs or updates, including:

- Under \$500,000 and No More in Aggregate than \$1,000,000 – Staff Approved Financing Programs and Energy Storage Solutions Projects
 - Under \$100,000 and No More in Aggregate than \$500,000 – Staff Approved Transaction Restructurings and Write-Offs
 - FY24 Q3 Progress to Targets Report
- **Legislative Process** – we will provide you an update on the 2024 Legislative Session, including an update on [SB11](#) with Joanna Wozniak Brown.
 - **Financing Programs Updates and Recommendations** – we have several items, including:
 - Progress to Targets Update through Q3 of FY24
 - **Solar Authorities** – proposed revision to our current solar (and storage) financing programs
 - **Investment Updates and Recommendations** – we have several investment recommendations for the following transactions:
 - Progress to Targets Update through Q3 of FY24
 - **PosiGen** – US Department of Energy’s Loan Program Office’s State Energy Financing Institution Update; and
 - **Capital for Change** – a placeholder in the event we are able to assemble the term sheet from our co-investors, to expand our support of the Smart-E Loan

- **Environmental Infrastructure Programs Updates** – we have several items, including:
 - Progress to Targets Update through Q3 of FY24
 - **Waste and Recycling** – update on our solar PV and storage working group efforts
- **Incentive Programs Updates** – Progress to Targets Update through Q3 of FY24
- **Other Business** – if there is other business, we will have time for it
- **Executive Session** – we will go into executive session for me to update you on our Greenhouse Gas Reduction Fund efforts

Please note, those items **underlined, italicized, and highlighted** above, are materials coming by the close of business on Tuesday, April 23, 2024.

Have a great weekend ahead and Happy Earth Day on Monday!

Appreciatively,

A handwritten signature in black ink, appearing to be 'Bryan Garcia', with a long horizontal stroke 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

Friday, April 26, 2024
9:00 – 11:00 a.m.
Dial in: +1 860-924-7736
Phone Conference ID: 320 044 506#
[+1 860-924-7736,,320044506#](tel:+18609247736,320044506#)

Staff Invited: Sergio Carrillo, Mackey Dykes, Brian Farnen, Bryan Garcia, Bert Hunter, Jane Murphy, Eric Shrago, Leigh Whelpton, James Desantos and Priyank Bhakta

1. Call to Order
2. Public Comments – 5 minutes
3. Consent Agenda – 5 minutes
4. Legislative Process – 15 minutes
5. Financing Programs Updates and Recommendations – 20 minutes
 - a. Progress to Target Update
 - b. Solar PPA Authorities
6. Investment Programs Updates and Recommendations – 30 minutes
 - a. Progress to Target Update
 - b. PosiGen – US DOE / LPO SEFI (Update)
 - c. ~~Capital for Change – Smart-E Loan Financing Facility (placeholder)~~
7. Environmental Infrastructure Programs – 20 minutes
 - a. Progress to Target Update
 - b. Waste and Recycling – Solar PV and Storage (Update)
8. Incentive Programs Updates and Recommendations – 5 minutes
 - a. Progress to Target Updates

9. Other Business – 5 minutes

a. Other Business

10. Executive Session – Trade Secrets and Commercial and Financial Information – 15 minutes

11. Adjourn

[Click here to join the meeting](#)

Teams Meeting ID: 267 907 802 530

Passcode: DRum8h

Dial in: [+1 860-924-7736,320044506#](#)

Phone Conference ID: 320 044 506#

***Next Regular Meeting: Friday, June 21, 2024 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

Friday, April 26, 2024
9:00 – 11:00 a.m.
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Staff Invited: Sergio Carrillo, Mackey Dykes, Brian Farnen, Bryan Garcia, Bert Hunter, Jane Murphy, Eric Shrago, Leigh Whelpton, James Desantos and Priyank Bhakta

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

Resolution #1

Motion to approve the meeting minutes of the Board of Directors for March 15, 2024.

4. Legislative Process – 15 minutes
5. Financing Programs Updates and Recommendations – 20 minutes
 - a. Progress to Target Update
 - b. Solar PPA Authorities

Resolution #2

WHEREAS, the Connecticut Green Bank (“Green Bank”) Board of Directors (the “Board”) has previously approved In the current form of the Program, the Board has previously approved an allocation of \$50 million in funding (subject to the terms in the December 15, 2023 Board approval) for the Commercial Solar Program (the “Program”), which allocation may be used for, among other things, development capital expenditures.

WHEREAS, there is a continuing demonstrated need for Green Bank’s long-term ownership of commercial solar assets and newly available ability to monetize associated tax credits as explained in a memorandum submitted to the Green Bank Board of Directors (the “Board”)

dated April 19, 2024(the “Board Memo”); and

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

NOW, therefore be it:

RESOLVED, that the Board of Directors approves Green Bank’s long-term ownership and operation of commercial solar and storage projects in the state, subject to Program allocation constraints and use cases, as explained in the Board Memo;

RESOLVED, that the President of Green Bank; and any other duly authorized officer of Green Bank, is authorized to execute and deliver, any contract, document or other legal instrument as they shall deem necessary and desirable to develop, construct and own commercial solar and storage projects under the Program 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 effect the above-mentioned legal instruments

6. Investment Programs Updates and Recommendations – 30 minutes

- a. Progress to Target Update
- b. PosiGen – US DOE / LPO SEFI (Update)
- c. ~~Capital for Change – Smart E Loan Financing Facility (placeholder)~~

7. Environmental Infrastructure Programs – 20 minutes

- a. Progress to Target Update
- b. Waste and Recycling – Solar PV and Storage (Update)

8. Incentive Programs Updates and Recommendations – 5 minutes

- a. Progress to Target Updates

9. Other Business – 5 minutes

- a. Other Business

10. Executive Session – Trade Secrets and Commercial and Financial Information – 15 minutes

11. Adjourn

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Colonel Albert Pope Room at the
Connecticut Green Bank, 75 Charter Oak Avenue, Hartford***

- **In-Person Option** – if anyone wants to join future BOD or Committee meetings in person, we are inviting you to our offices in Hartford
- **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

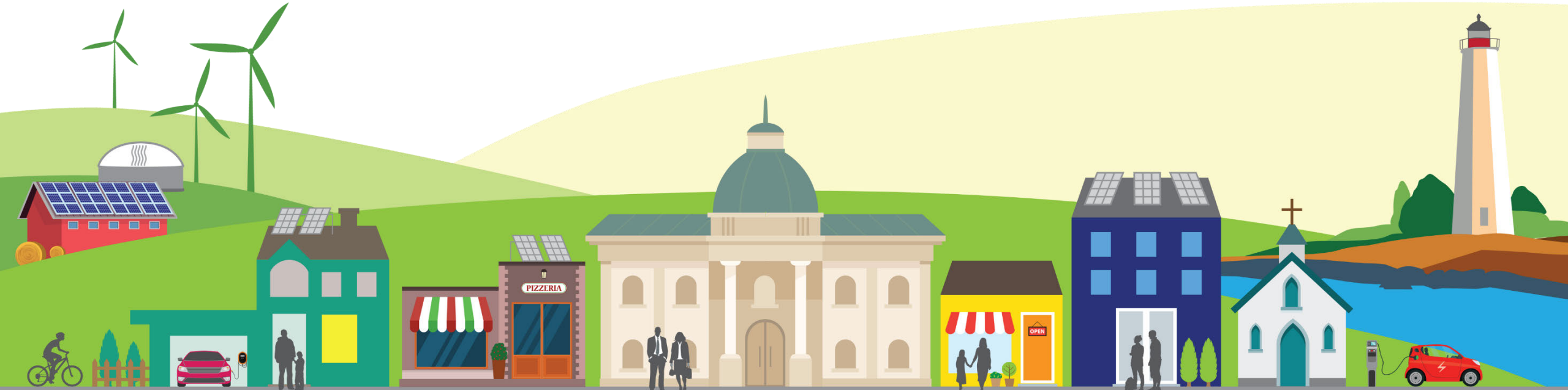
April 26, 2024



Board of Directors



Agenda Item #1 Call to Order



Board of Directors



Agenda Item #2 **Public Comments**



Board of Directors



Agenda Item #3 Consent Agenda



1. **Meeting Minutes** – approve meeting minutes of March 15, 2024

- **Under \$500,000 and No More in Aggregate than \$1,000,000** – staff approved three (3) C-PACE projects (i.e., Branford, Hartford, Newington) totaling approximately \$440,000 for Financing Programs and no projects for Energy Storage Solutions
- **Under \$100,000 and No More in Aggregate than \$500,000** – staff approved restructurings of residential Solar Lease 2 (“SL2”) projects, including five (5) for contractor over-estimation and eighteen (18) for manufacturer panel defects (i.e., Trina Solar) totaling about \$46,000 in lost revenues, and seven (7) write-offs due to various issues (e.g., squirrel damage, property fire, workmanship) totaling about \$174,000
- **FY24 Q3 Progress to Targets** – staff will review the FY24 progress to targets through Q3 for the Comprehensive Plan

Board of Directors



Agenda Item #4 **Legislative Process**



2024 Legislative Session Concludes on Wednesday, May 8th at Midnight "Sine Die"

- CGB is currently Tracking 71 Individual pieces of legislation
- CGB Staff & BOD have been given access to tracking system via SharePoint/Teams
- As of today, only 9 session days remain on the calendar (Saturday 5/4 tentative)
- Bi-Cameral legislature – requires action by both House & Senate on legislation
- To date – ZERO pieces of legislation have passed both chambers for final passage
- "Time Game"
- Green Bank staff has been/and is actively engaged in the negotiation of several pieces of legislation before the General Assembly.
- Legislation of note as of 4/25:

HB 5004 AAC THE IMPLEMENTATION OF CERTAIN CLIMATE CHANGE MEASURES

“Green Monster” Bill and a priority bill of Speaker Matt Ritter.

Currently being negotiated as a Strike All Amendment to be offered on the House Floor after being significantly modified by the Appropriations Committee. Final Language available on 4/26, receiving action on the House Floor on May 1st.

Green Bank Supports language and has negotiated relevant sections pertaining to Heat Pump Deployment, NBS

HB 5226 AA EXTENDED PRODUCER RESPONSIBILITY PROGRAM FOR CONSUMER BATTERIES

Priority bill of Environment Co-Chair, Joe Gresko. Awaiting action on the House Calendar.

Seeks to establish an EPR program for “portable” batteries up to the size of a rechargeable power tool batter (Dewalt - Drill).

There was a similar bill that dealt with establishing an EPR program for Solar panels which received a public hearing but did not gain passage to allow the workgroup led by Sara Harari and established by PURA Docket 23-08-02 to proceed and make pertinent recommendations for action in the 2025 Legislative Session.

SB 191 AAC FOOD SCRAP DIVERSION FROM THE SOLID WASTE STREAM AND THE REDEMPTION OF OUT OF STATE BEVERAGE CONTAINERS.

On Senate Calendar. DEEP to amend regulations to designate “food scraps” as a mandatory recycling item by 7/1/25.

Also has DEEP to require each town in CT to establish a program for residential separation of food scraps by 1/1/28.

This bill is linked to the Bonding Bill (SB 10), which allocates \$10 million to DEEP for the Waste Diversion Program to fund municipal food scrap diversion programs.

HB 5232 AAC SOLAR PROJECTS THROUGHOUT THE STATE

Energy & Technology Omnibus bill for the 2024 legislative session. Passed House on 4/25 as amended by LCO #4600 (A). Awaits final action in the Senate – As Amended.

- Green Bank was successful in removing both Section 8 and Section 10 from original proposed language.
- UCT Study (DEEP & OPM), PURA to conduct study on Tariff Programs by 1/15/2026, DEEP to develop a solar canopy strategic plan, DEEP/DoAG/DECD as part of Integrated Resource Plan / solar siting potential, Green Bank REEEFA.
- BASA Solar Tax Clarification still outstanding issue. Alternatives being sought.

SB 297 AAC CONSUMER PROTECTION FOR CUSTOMERS OF SOLAR POWER COMPANIES

This bill is currently on the Senate Calendar awaiting action. If passed as it stands, Green Bank has seat on the task force.

- Section 1 of the bill provides direction to solar companies' telemarketing and solicitation requests, monitored by DCP.
- Section 2 of the bill creates a task force to study the improvement of solar sales for customers/recommendations.

HB 5052 AA SUPPORTING SOLAR ENERGY IN SCHOOLS

Governor's Bill.

Not moving forward as stand-alone bill– Was in amendment to HB 5232, currently being incorporated into HB 5347 (School Construction Bill). HB 5347 is currently awaiting action on the House Calendar/no action yet.

SB 11 AAC CONNECTICUT RESILIENCY PLANNING AND PROVIDING MUNICIPAL OPTIONS FOR CLIMATE RESILIENCE

Governor's Resiliency Bill. Referred to Finance, Revenue & Bonding Committee on April 23rd. Currently awaits action in Committee of cognizance before action in Senate/House.

- Creation of Resiliency Improvement Districts (TIF Financing)
- Expands POCD to include climate vulnerability assessment
- Creates new infrastructure geospatial data (land use, culvert, bridge, and critical facilities)
- Expands uses of Town Aid Road and Municipal Reserve Program to increase resiliency
- Broadens Transfer of Development Rights options, including regional option
- OSWA/UCGC program changes & Resilient Bridgeport

Agenda Item #5a

Financing Programs Updates and Recommendations

Progress to Target Update



Progress to Targets

Financing Programs



Progress to Targets

ProgramSegment	Project Counter Actual	Project Counter Target	% of Target	Capital Deployed Actual	Capital Deployed Target	% of Target	MW Actual	MW Target	% of Target
Financing	439	509	86.2%	\$24,975,631	\$35,348,000	70.7%	3.1	4.7	66.7%

Progress to Targets

Program2	Project Counter Actual	Project Counter Target	% of Target	Capital Deployed Actual	Capital Deployed Target	% of Target	MW Actual	MW Target	% of Target
Commercial Lease		10			\$10,650,000			4.7	
CPACE	17	19	89.5%	\$16,122,805	\$21,170,000	76.2%	3.1	0.0	
Multi-Family Term		3			\$300,000			0.3	
SBEA	422	480	87.9%	\$8,852,826	\$11,728,000	75.5%	0.0	0.0	

Progress to Targets

Vulnerable Community Deployment



Vulnerable Community (excluding SBEA)

Vintage Vulnerable Community ProgramSegment	Not Vulnerable				Vulnerable				Total			
	Capital Deployed	% of Total Capital Deployed	# Projects	% of Total Projects	Capital Deployed	% of Total Capital Deployed	# Projects	% of Total Projects	Capital Deployed	% of Total Capital Deployed	# Projects	% of Total Projects
Financing	\$7,595,199	47.11%	7	41.18%	\$8,527,606	52.89%	10	58.82%	\$16,122,805	100.00%	17	100.00%

Vulnerable Community (excluding SBEA)

Vintage Vulnerable Community ProgramName	Not Vulnerable				Vulnerable				Total			
	Capital Deployed	% of Total Capital Deployed	# Projects	% of Total Projects	Capital Deployed	% of Total Capital Deployed	# Projects	% of Total Projects	Capital Deployed	% of Total Capital Deployed	# Projects	% of Total Projects
CPACE	\$7,595,199	47.11%	7	41.18%	\$8,527,606	52.89%	10	58.82%	\$16,122,805	100.00%	17	100.00%

Agenda Item #5b Financing Programs Updates and Recommendations Solar PPA Authorities



Need for Expanded Authority



- Deploying commercial solar + storage targeted at vulnerable communities (such as affordable multifamily housing properties) is challenging
- New provisions in the IRA that allow Green Bank's Commercial solar program to have a greater impact in the state
 - Elective Pay
 - ITC Adders: Low Income Communities Bonus Credit Program + Energy Communities
 - Greenhouse Gas Reduction Fund (GGRF)
- These IRA provisions allow Green Bank to respond to market needs without outside investors (high transaction costs, burdensome / changing terms, challenging timing implications)

Request for Expanded Authority



Requesting Board authority to:

1. Include battery storage components;
2. Place in service, own (either directly or indirectly through a subsidiary), and operate commercial solar and storage projects;
3. Apply for and monetize state and/or federal incentives;
4. Utilize Green Bank (parent), existing subsidiaries or create new subsidiaries, if necessary, to own and operate projects.

Resolution #2



NOW, therefore be it:

RESOLVED, that the Board of Directors approves Green Bank's long-term ownership and operation of commercial solar and storage projects in the state, subject to Program allocation constraints and use cases, as explained in the Board Memo;

RESOLVED, that the President of Green Bank; and any other duly authorized officer of Green Bank, is authorized to execute and deliver, any contract, document or other legal instrument as they shall deem necessary and desirable to develop, construct and own commercial solar and storage projects under the Program 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 effect the above-mentioned legal instruments

Agenda Item #6a

Investment Updates and Recommendations

Progress to Target Update



- **\$4.6 million** of Green Bank Capital Committed programmatically against a target of Programmatic Investment Target of \$14.2 million
- **\$36.6 million** in Non-programmatic Investments against a Target of \$10M
- **Average duration of 8.8 years with a yield of 6.3% against our benchmark of 10 years and yield of 4%**

Agenda Item #6b

Investment Updates and Recommendations

PosiGen – USDOE / LPO SEFI (Update)



DOE-LPO SEFI Syndication

Supporting PosiGen's LPO Term Loan



- **Second Lien Credit Facility** – [REDACTED] which includes participants of [REDACTED] and the PBI facility of [REDACTED] (which is defeased with a sweep of PBI revenues paid by the Green Bank (to itself) and with a face amount of exposure for the PBI facility down to [REDACTED])
- **Loan Programs Office** — PosiGen pursues a new [REDACTED] term loan facility with the U.S. Department of Energy's Loan Programs Office
- **State Energy Financing Institutions** — consortium of SEFIs - including New York State Energy Research and Development Agency (NYSERDA), DC Green Bank (DCGB), and New Jersey Economic Development Agency (NJEDA)
- **Syndicate Structure** — pari passu, repayment of the Tax Equity Bridge Loan and a portion of SCLF, currently estimated at [REDACTED], consortium of SEFIs
- **Green Bank SEFI Exposure** – capped at \$25 million

Agenda Item #6c

Investment Updates and Recommendations

Capital for Change – Smart-E Loan Financing Facility

POSTPONED



Agenda Item #7a **Environmental Infrastructure Programs Updates** Progress to Target Update



Progress to Targets

Environmental Infrastructure



- **Strategy Review**
 - Exploring strategic project finance and program design opportunities
- **Building the Team**
 - 2 open roles: Associate and Senior Manager
 - Bekenstein Climate Leader Summer Fellow
 - Climate Corps EDF/ReFED Food Waste Fellow
- **Continuing Engagement**
 - Supporting relevant policy this session e.g. nature-based solutions
- **Stakeholder Advisory Committee**

Environmental Infrastructure as per Public Act 21-115:

Structures, facilities, systems, services and improvement projects related to (A) water, (B) waste and recycling, (C) climate adaptation and resiliency, (D) agriculture, (E) land conservation, (F) parks and recreation, and (G) environmental markets, including, but not limited to, carbon offsets and ecosystem services.

Progress to Targets (Continued)

Environmental Infrastructure



- **Raise Resources**
 - Coalition for Green Capital and Robert Woods Johnson Foundation
 - "Stormwater Solutions" with Blue Hills Civic Association
- **Launch or Expand Existing Products**
 - Smart-E & CPACE Resilience
 - Green Bank Capital Solutions Open Rolling RFP
- **Waste & Recycling Primer**
 - PURA process and primer development
- **Research & Development**
 - e.g., Connecticut Hospital Association



Stormwater Solutions: Supporting Equitable and Climate Resilient Infrastructure in Hartford

Agenda Item #7b

Environmental Infrastructure Programs Updates

Waste and Recycling – Solar PV and Storage



Waste & Recycling Strategy



Collective Responsibility	Scale-Up Solutions	Support the State
Take accountability together for the end-of-life problem ahead	Continue what we started, support organic waste recycling	Prepare to support DEEP when assistance requested

1



Assess existing products used in solar and battery installation and establish a “collective responsibility” to reuse, recycle, and dispose.

2



Continuation of pilot program launched by the Green Bank to address food and farm waste to energy through investment in anaerobic digester infrastructure. Support organic waste recycling solutions.

3

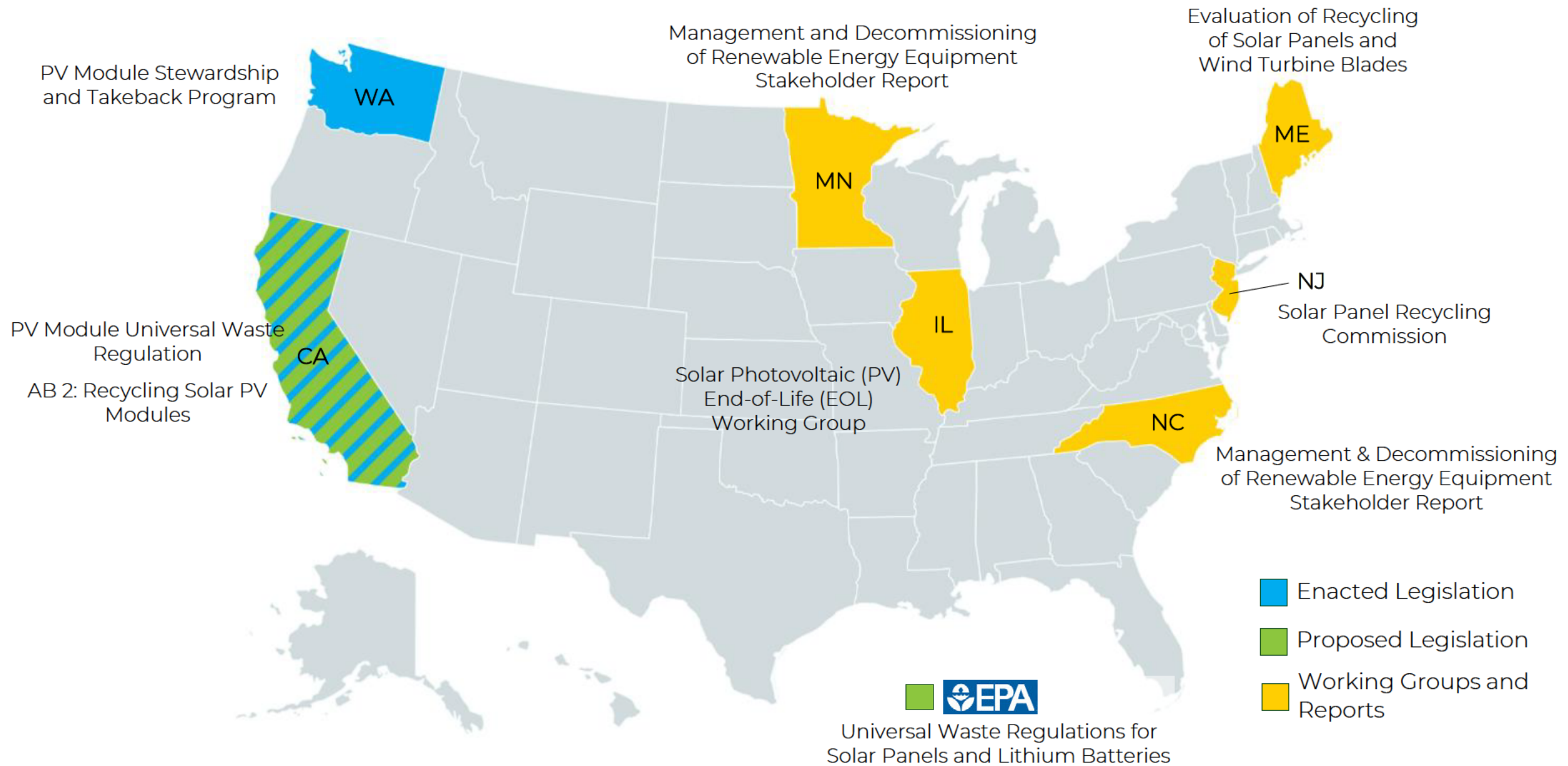


Support the DEEP Commissioner’s goals for waste management and recycling. DEEP may enter into agreements with CGB for bonding and financing.

- On Nov 1, 2023, PURA asked Green Bank to convene a Working Group to study the issue of solar panel and battery waste, with findings reported back to PURA by August 1, 2024
- **The goals of the study are:**
 - ❑ Identify environmental effects of solar panel and battery waste
 - ❑ Research the success or failure of approaches used in other jurisdictions
 - ❑ Generate recommendations including:
 - Pros and cons of each approach
 - Implementation timeline and cost of each approach

End-of-Life Working Group Participants

Category	Organizations	
Connecticut Agencies	<ul style="list-style-type: none"> • Department of Energy and Environmental Protection (DEEP) • Connecticut Innovations (CI) • Office of Consumer Council (OCC) 	
Electric Distribution Companies (EDCs) (Utilities)	<ul style="list-style-type: none"> • Eversource • United Illuminating 	
OEMs / Developers	<ul style="list-style-type: none"> • Tesla • Sunrun • Enphase 	
State Contractors	<ul style="list-style-type: none"> • PosiGen • Skyview Ventures • Harness the Sun 	<ul style="list-style-type: none"> • Earthlight Technologies • RWE Clean Energy, LLC (formerly ConEdison Solutions)
Waste	<ul style="list-style-type: none"> • Battery Council International • Solar Panel Recycling • Ontility • Bluewater Battery 	<ul style="list-style-type: none"> • Comstock Metals Corp • Redwood Materials • PRBA - The Rechargeable Battery Association
Other	<ul style="list-style-type: none"> • Yale University • Tuck School of Business 	



Board of Directors

Agenda Item #8

Incentive Programs Updates and Recommendations Progress to Target Update



Progress to Targets Incentive Programs



Residential Projects

119

Target: 150 (-20.67%)

Residential Capital Deployed (Committed)

\$4,102,416

Target: \$4,800,000 (-14.53%)

Residential MW

1.1

Target: 1.0 (+11.32%)

Residential MW Approved and Capacity Remaining

3.5

MW Capacity Limit: 10.0 (-64.81%)

Residential Projects



Residential Capital Deployed (Committed)



Residential MW



Commercial Projects

7

Target: 15 (-53.33%)

Commercial Capital Deployed (Committed)

\$27,978,180

Target: \$30,441,176 (-8.09%)

Commercial MW

31.5

Target: 20.7 (+52.04%)

C&I MW Approved and Capacity Remaining

38.9

MW Capacity Limit: 100.0 (-61.12%)

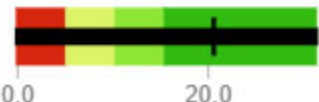
Commercial Projects



Commercial Capital Deployed (Committed)



Commercial MW



Incentive Programs Updates Through Q3 of FY24

- Commercial and Industrial Upfront Incentive approvals will pause on **June 15, 2024**
 - Estimated Incentive > \$500,000 (~2 MW+)
 - Applications must be submitted by **May 8**
 - Estimated Incentive < \$500,000:
 - Applications must be submitted by **May 15**
- Pause will begin June 15, 2024 for PURA to assess incentive rates. Timeframe for review is unknown
- Sunnova and Tesla have officially joined the Program
- Just approved three large TPO / developers: Redaptive, Scale Renewables, and Honeywell

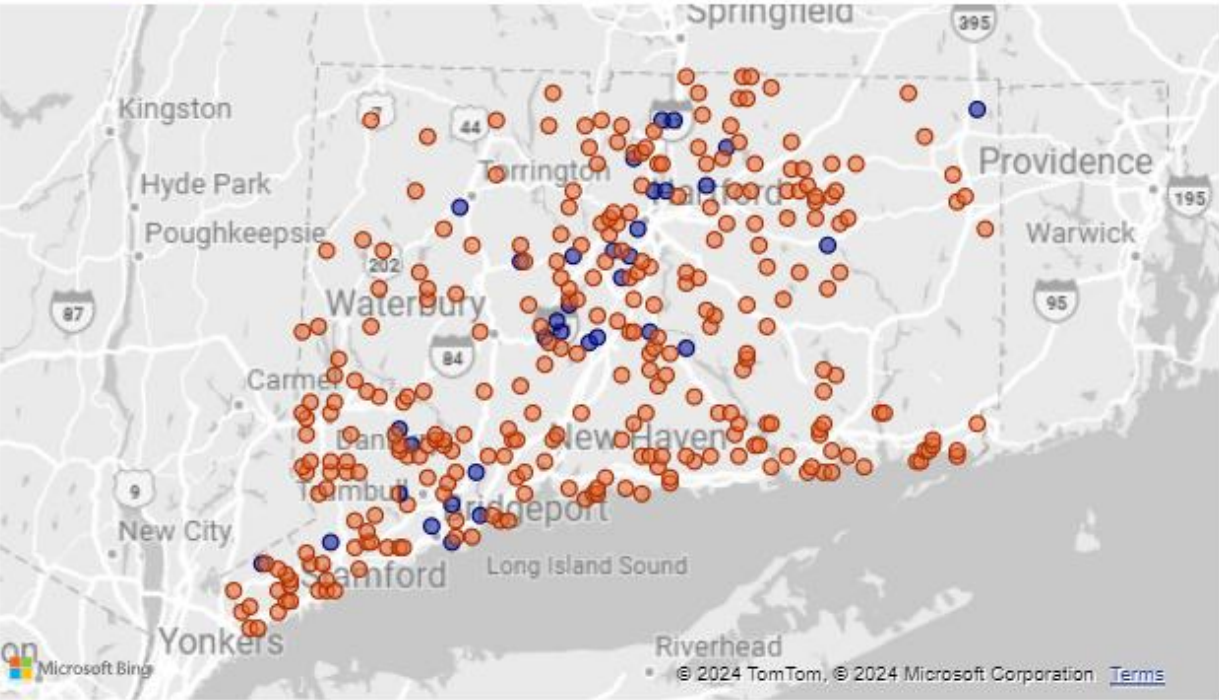


Incentive Programs Updates

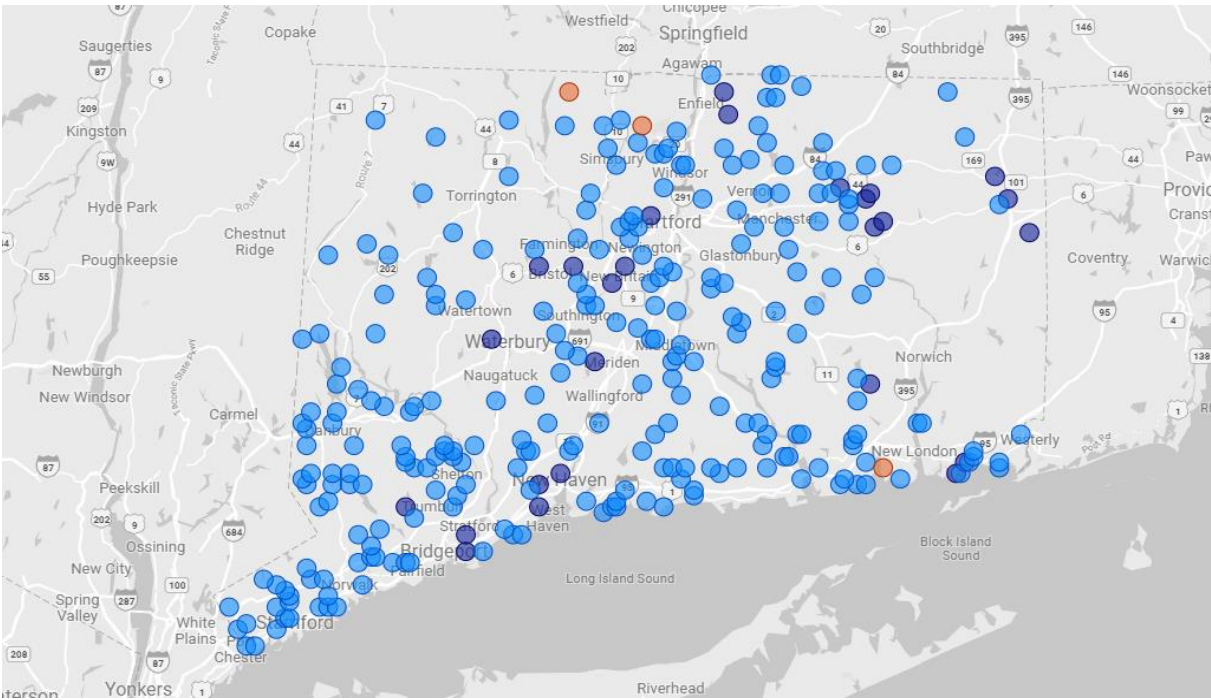
Location of Residential and Non-Residential Projects



Sector ● C&I ● Residential



Resi Customer Type ● Resi Underserved ● Resi Standard ● Resi Low Income



Board of Directors

Agenda Item #9 **Other Business**



Agenda Item #10 **Executive Session** Trade Secrets and Commercial and Financial Information



Board of Directors



Agenda Item #11 Adjourn





**BOARD OF DIRECTORS OF THE
CONNECTICUT GREEN BANK**
Regular Meeting Minutes

Friday, March 15, 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 March 15, 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: 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 Kovtunen, Stephanie Layman, Alysse Lembo-Buzzelli, Cheryl Lumpkin, Jane Murphy, Ariel Schneider, Eric Shrago, Dan Smith, Mariana Trief, Leigh Whelpton

Others present: None

1. Call to Order

- Lonnie Reed called the meeting to order at 9:02 am.

2. Public Comments

- No public comments.

3. Consent Agenda

a. Meeting Minutes of January 26, 2024

Resolution #1

Motion to approve the meeting minutes of the Board of Directors for January 26, 2024.

b. C-PACE Project Extensions

Resolution #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 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 \$1,003,474 construction and (potentially) term loan under the C-PACE program to Elm Harbor Realty LLC, the building owner of 20 Elm Street, Branford, CT (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; 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 memorandum submitted to the Board dated April 8, 2024, 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 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 proper the Green Bank officers are authorized and empowered to do all other acts and execute and deliver all other documents and instruments as they shall deem necessary and desirable to affect the above-mentioned legal instruments.

Upon a motion made by Rob Hotaling and seconded by Hank Webster, the Board of Directors voted to approve the Consent Agenda which consists of Resolutions 1 – 2. None opposed or abstained. Motion approved unanimously.

4. Financing Programs Updates and Recommendations
a. C-PACE Project – Farmington

- Alysse Lembo-Buzzelli summarized the key information about a 276.4 kW Ground Mount Solar PV project in Farmington including the loan terms, financial metrics, and energy metrics. Priyank Bhakta added there was a new appraisal for the property and the slightly higher than usual lien-to-value ratio is due to the operating company becoming a co-borrower. As well, the operating company and property owner are the same entity, and they have a stable history. Priyank Bhakta summarized additional underwriting information about the project.
 - John Harry praised the new slide format for its clarity and for being concise. Bettina Bronisz and Adrienne Houël echoed the support of the new format.
 - Matt Ranelli requested that the repayment schedule and how it is sculpted be

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shown, due to concerns about cash flows for properties and how it could reflect on the program in later years of repayment. Robert Hotaling and Hank Webster agreed with the suggestion.

- Hank Webster suggested adding information about any potential Federal Tax Credits or other incentives that may be considered for a given project.

Resolution #3

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 \$678,946 construction and term loan under the C-PACE program to Emmett & Associates, LLC and Turbine Technologies, Inc (DBA: Burke Aerospace), the building owner of 126 Hyde Road, Farmington, CT 06032, Hartford County, 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 March 8, 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 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;

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 Bettina Bronisz and seconded by John Harrity, the Board of Directors voted to approve Resolution 3. None opposed or abstained. Motion approved unanimously.

b. C-PACE Program Guidelines for Resiliency

- Mackey Dykes ... Alysse Lembo-Buzzelli summarized the guidelines for approval which have come back after a Public Comment period, including the definition of Resilience and what the Statute required in order to complete the guidelines. She reviewed and overview of the Public Comments received. She also reviewed a new substantive change for Roof

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Improvements which will be going to Public Comment upon approval of the Resolution. Mackey Dykes added that the new addition may be necessary in order to avoid a potential loophole in roofs under the definition of Resiliency.

- Robert Hotaling asked if there is a cap for dollars allocated towards this program, to prevent it from cannibalizing solar projects. Mackey Dykes responded there is no cap as the Green Bank is acting as an administrator of the program, and that there is potentially unlimited capital through third party lenders. Robert Hotaling asked if there is the possibility that roof financing could surpass other financing and then allow for re-evaluating. Mackey Dykes answered that he agreed which is part of the reason for introducing the roof improvement standard for a FORTIFIED roof.

- Lonnie Reed added that she has noticed many people don't realize they may need roof improvements until they go to get solar panels, so it seems like the two really go hand-in-hand, and Alysse Lembo-Buzzelli agreed.

- Robert Hotaling asked what the standard collateral is for standalone roof financing. Mackey Dykes responded it is the property itself. Alysse Lembo-Buzzelli added the projects are also still subject to Lender Consent.

- Adrienne Houël asked if resiliency hubs had been considered for financing. Alysse Lembo-Buzzelli responded that under the C-PACE program, the resiliency hubs may not qualify as Municipal or State properties. Mackey Dykes added that the team has definitely been looking into what it would entail and said he would reach out to talk more offline.

- Matthew Ranelli suggested for the FORTIFIED roof standard, adjusting the wording in the program guidelines to be more flexible. Alysse Lembo-Buzzelli agreed with that change to allow for greater flexibility. Hank Webster added that he would like there to be a mechanism added in the wording to do due diligence on any other standard that may be considered in the future. Mackey Dykes agreed as the vetting process for standards could take months so there would be plenty of time to do thorough reviews.

- Matthew Ranelli asked if there could be a guidance document for standalone roof improvements. Alysse Lembo-Buzzelli answered that the clarification should be doable. Mackey Dykes agreed. Matthew Ranelli suggested further that perhaps standalone roof improvements would not be considered in order to avoid the issue.

- Matthew Ranelli also asked why the modification has to go back to Public Comment. Mackey Dykes responded there isn't enough time for the potential loophole to be exploited as it would be brought in front of the Board of Directors again in approximately one month. Matthew Ranelli agreed that public feedback is good but was worried about a coming influx. Mackey Dykes responded there is no indication that anyone is waiting for such a situation.

- Hank Webster commented that DEEP is pretty supportive of roof improvements as it can be a critical piece of resiliency to stop other issues from worsening, and he expressed his appreciation of the support.

- John Harrity asked where the standard comes from and how much does a FORTIFIED roof cost over a non-FORTIFIED roof. Alysse Lembo-Buzzelli responded that the standard comes from IBHS, which is the Insurance Institute for Business and Home Safety. The Green Bank team worked with the FORTIFIED team at IBHS and it would likely be about a 5% delta, as a national average, to build a FORTIFIED roof compared to one that isn't. Mackey Dykes added that there has been a lot of work in Connecticut as of late to incorporate the FORTIFIED standard into building codes and to have the insurance industry adopt it for potential premium reductions.

- Brenda Watson asked what people think the next area of improvement could be next to be considered under resiliency, after roofs which are trending now. Alysse Lembo-Buzzelli responded that she is unsure but trying to understand the market needs

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was part of the design approach to the guidelines.

- Thomas Flynn asked as it relates to the roof improvements, is the Green Bank's involvement only for investment in something for the roof, such as solar panels. Alysse Lembo-Buzzelli answered that the two proposed pathways are for the roof itself, and that one of the two pathways does not need to be part of an energy project. Mackey Dykes added the minimum standard for roofs was due to the uniqueness of roof improvements, as they fall into a bit of a grey area, to avoid becoming a standard roofing financing tool.
- Thomas Flynn asked if the FORTIFIED standard shows that it saves energy or is it resiliency broadly defined. Alysse Lembo-Buzzelli responded it is about resiliency broadly defined. Mackey Dykes commented that the legislature had expanded the program to include resiliency measures. Robert Hotaling added information about a recent Order that indicates it does create savings. Thomas Flynn expressed his concern about the cost-benefit relative to return which was previously measurable, such as energy saved and conservation, and the difficulty quantifying the cost-benefit of resiliency. Mackey Dykes clarified that the proposal today does not commit the Green Bank to doing anything from a Lending perspective. However, the Green Bank is in a C-PACE administrative role by statute and since the legislature expanded C-PACE to include resiliency, the Green Bank must develop the guidelines for that expansion. But again, the Green Bank is not committed to funding those projects as a lender.
- The group further discussed the requirements for the guidelines, the Green Bank's role as a lender and administrator, and the potential strain on Green Bank staff.
- Leigh Whelpton commented in chat Just to note, "Launching or Expanding Existing Products" beyond clean energy to encompass environmental infrastructure (e.g. C-PACE resilience) is part of the 2024 comp plan.

Resolution #4

WHEREAS, Conn. Gen. Stat. Section 16a-40g (the "Authorizing Statute") authorizes what has come to be known as the Commercial Property Assessed Clean Energy Program ("C-PACE"), the Authorizing Statute designates the Connecticut Green Bank ("Green Bank") as the state- wide administrator of the program;

WHEREAS, the Authorizing Statute charges Green Bank to develop program guidelines (the "Program Guidelines") governing the terms and conditions under which state and third-party financing may be made available to C-PACE;

WHEREAS, Green Bank staff drafted proposed changes to the Program Guidelines and Appendix N, and included Appendix O;

WHEREAS, The proposed changes to the Program Guidelines and Appendix N, and the inclusion of Appendix O, went through a thirty-day public comment period in accordance with Conn. Gen. Stat. Section 1-120 et seq, and staff has made further minor changes to the Guidelines to address certain public comments which were received, as more particularly described in that memorandum to the Board dated March 12, 2024 (the "Memorandum").

NOW, therefore be it:

RESOLVED, the Green Bank Board of Directors (the "Board") approves the proposed changes to Program Guidelines and Appendix N, and the inclusion of Appendix O, substantially in the form of attached to the Memorandum;

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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 Program Guidelines.

Upon a motion made by Matthew Ranelli and seconded by Robert Hotaling, the Board of Directors voted to approve Resolution 4 modified to direct Staff to go back to Public Comment regarding FORTIFIED Roofs and follow up on the other discussion points. None opposed or abstained. Motion approved unanimously.

5. Investment Programs Updates and Recommendations **a. PosiGen – Amendment and Equity Participation**

- Larry Campana summarized the PosiGen investment modification history and the proposed \$57,000 incremental equity investment in the form of a note. The increase is structured to maintain the Green Bank's ownership position and avoid dilution.
 - Bettina Brosniz asked if the transaction would need to close today and Larry Campana responded yes, as the closing had been delayed in coordination with this Board Meeting.
 - Robert Hotaling asked what the current ownership percentage is and what would the dilution mean if the Resolution did not pass. Larry Campana responded that the ownership is in convertible notes and is a dollar value of approximately \$750,000.
 - Bettina Bronisz asked about the ability to cash out. Larry Campana responded the cash out opportunity would happen when there is an equity fund raise, so further down the line when distributions are made. But the probability is high to occur.
 - Bettina Bronisz asked for clarification about why such a small investment amount has to come to the Board. Bert Hunter responded that the way the Investments Team traditionally had viewed the requirement for approval from the Board is to look at the overall relationship with a credit. So while this investment is small, the overall credit is beyond the threshold. As well, the Staff approval is limited to programmatic investments, and this does not fall under that.

Resolution #5

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 low to moderate income 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, in August 2023 the "Board previously authorized approval for Green Bank's participation in equity financing through the purchase of a secured convertible promissory note of \$121,321.93;

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WHEREAS, staff has analyzed the current state of PosiGen relation to the proposed incremental investment in Class 1 Secured Convertible Note and related financing and has concluded that the investment risk is worth the potential upside return, and recommends the Board approve the incremental investment not to exceed \$56,775.77 as more fully explained in a memorandum to the Board dated March 8, 2024 (the "Board Memo");

NOW, therefore be it:

RESOLVED, that the Board authorizes the Green Bank to enter into the Amended and Restated Note Purchase Agreement with PosiGen and other investors to fully participate in the purchase of a secured convertible promissory note of PosiGen. not to exceed \$56,775.77 and executing amendment number four to the June 2023 Note Purchase Agreement, 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 affect the above-mentioned legal instruments.

Upon a motion made by Robert Hotaling and seconded by Bettina Bronisz, the Board of Directors voted to approve Resolution 5. None opposed or abstained. Motion approved unanimously.

b. PosiGen – 1st and 2nd Lien Facility Modification

- Bert Hunter summarized the history of the PosiGen 1st & 2nd Lien Facility and noted that when the team went to documentation on an Amendment to go up on the upside by Brookfield, council at Wiggin and Dana brought up several points regarding Board approval in terms of how certain things were phrased which weren't as clear as they would have approved. So in order to align to a more precise approval, the January memorandum was redlined to be clearer and the resolution is being presented again to be amended and restated.

Resolution #6

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

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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 in Term Loans under the 2nd lien financing associated with the New BL Facility, excluding the Connecticut PBI Term Loans and excluding the Capital Solutions Tax Equity Bridge facility, and 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 Robert Hotaling and seconded by Dominick Grant, the Board of Directors voted to approve Resolution 6. None opposed or abstained. Motion approved unanimously.

c. Capital for Change – Modification and Extension Request

- Bert Hunter summarized the Low Income Multifamily Energy Program history and the proposed program availability period extension for 1 additional year until March 31, 2025.

Resolution #7

WHEREAS, the Connecticut Green Bank ("Green Bank") has an existing Master Facility to fund the Low Income Multifamily Efficiency ("LIME") loan Program with Capital for Change ("C4C"), approved at the October 25, 2019 meeting of the Green Bank Board of Directors (the "Board"),

WHEREAS, C4C has been successful in deploying LIME Program loans using the Master Facility;

WHEREAS, in order to continue the successful deployment of capital into the LIME Program C4C has requested an extension of the availability period until March 31, 2025, approximately one year from the expiration of the availability period under the existing terms and conditions;

WHEREAS, Green Bank staff recommends the Board approve such extension of the availability period;

NOW, therefore be it:

RESOLVED, that the Board approves the extension of the availability period under the Master Facility until a date not to exceed March 31, 2025;

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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 affect the extension of the availability period under the Master Facility for the LIME program on such terms and conditions as are materially consistent with the memorandum submitted to the Board on March 8, 2024; 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 Matthew Ranelli, the Board of Directors voted to approve Resolution 7. None opposed or abstained. Motion approved unanimously.

6. Legislative Process

- Brian Farnen summarized the state of the current legislative session including the status of the Public Hearings and some of the key bills, such as HB 5004, HB 5232, HB 5231, SB 191, and SB 11. He also mentioned the new Bill Tracking goals for the Green Bank which will go live today for Board Members.
 - John Harrity praised the Bill Tracking website and how it will help improve participation in the legislature.
- Marianna Trief summarized the history and progress of the Hydropower Task Force, of which she is the appointed task force member of the House Majority Leader. Bryan Garcia commented that this portion of the meeting was to reinforce that the Green Bank staff is seeking guidance from the Board about how to approach Task Forces, policies they may propose in the future, and how they may affect the legislative process.
 - Thomas Flynn commented that he is proud of the success of the Green Bank and its Board but expressed his concern about the Green Bank sometimes gets assigned to tasks which don't seem energy-related or beyond the scope. The group discussed the nature of scope expansion, impact growth, and how the Green Bank has had a nation-wide impact in areas not thought of before.

7. Other Business

- Bryan Garcia commented about a recent Connecticut Inside Investigator article about the solar marketplace assistance program, how the Green Bank competitively procures projects, and the role of Inclusive Prosperity Capital, and that he would send the Board his feedback about the article.

8. Adjourn

Upon a motion made by Robert Hotaling and seconded by John Harrity, the Board of Directors meeting adjourned at 11:00 am.

Respectfully submitted,

DRAFT

Memo

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

From: Sergio Carrillo (Managing Director of Incentive Programs), Mackey Dykes (VP of Incentive Programs and Officer), Bryan Garcia (President and CEO), and Bert Hunter (EVP and CIO)

CC: Brian Farnen (General Counsel and CLO), Jane Murphy (EVP of Finance and Administration), and Eric Shrago (VP of Operations)

Date: April 26, 2024

Re: Approval of Financing Programs and Energy Storage Solutions Projects Funding Requests below \$500,000 and No More in Aggregate than \$1,000,000 – Update

At the October 20, 2017 Board of Directors (BOD) meeting of the Connecticut Green Bank (“Green Bank”) it was resolved that the BOD approves the authorization of Green Bank staff to evaluate and approve funding requests less than \$500,000 which are pursuant to an established formal approval process requiring the signature of a Green Bank officer, consistent with the Comprehensive Plan, approved within Green Bank’s fiscal budget and in an aggregate amount not to exceed \$1,000,000 from the date of the last Deployment Committee meeting.

The Green Bank BOD further revised the approval process to create separate aggregate amounts for the Financing and Energy Storage Solutions (“ESS”) programs as described in the memorandum to the Board dated January 19, 2024.

This memo provides an update on Financing Programs and ESS project funding requests below \$500,000 that were evaluated and approved. During this period, for Financing Programs, 3 projects were evaluated and approved for funding in an aggregate amount of approximately \$437,943. And, during this period, for ESS, no projects were evaluated and approved for funding.

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.

FINANCING PROGRAMS

PROJECT APPROVALS

C-PACE Project Located at 46-48 Commerce Court, Newington, CT 06111 (PT-102676)

Property Information		
Property Address	46-48 Commerce Court, Newington, CT 06111	
Municipality	Hartford County	
Property Owner	ADM Properties, LLC	
Type of Building	Two Industrial buildings on one parcel	
Building Size (<i>sf</i>)	12,600sf (46 Commerce Ct) & 25,000sf (48 Commerce Ct)	
Year of Build / Most Recent Renovation	1968 (46 Commerce Ct) & 1999 (48 Commerce Ct)	
Environmental Screening Report	Waived (see environmental screening section)	
Project Information		
Proposed Project Description	152.075 kW DC roof top solar system	
Energy Contractor	Smart Roofs Solar, Inc.	
Objective Function	32.89 kBTU / ratepayer dollar at risk	
		Total
Projected Energy Savings (mmBTU)	Per Year	618
	Over EUL	11,798
Estimated Cost Savings (incl. ZRECs/Tariff and tax benefits)	Per Year (Avg)	\$52,896
	Over EUL	\$1,057,913
Financial Metrics		
Proposed C-PACE Assessment	\$358,749	
Term Duration (<i>years</i>)	10 years	
Term Rate	4.75% annually	
Construction Rate	5.00% annually	
Annual C-PACE Assessment	\$45,484	
Average DSCR	1.52x	
Savings-to-Investment Ratio	2.06x	
Lien-to-Value (<i>LiTV</i>)	12.5%	
Loan-to-Value (<i>LTV</i>)	82.1%	
Appraisal Value ¹¹¹	\$2,874,150	
Mortgage Lender Consent	Pending (NBT Bank)	

¹¹¹ Appraised value per June 2022 private appraisal of \$2,700,000 + 50% of the C-PACE project hard costs.

C-PACE Project Located at 958 Wethersfield Avenue, Hartford, CT 06114 (PT-102652)

Property Information		
Property Address	958 Wethersfield Avenue, Hartford, CT 06114	
Municipality	Hartford County	
Property Owner	Silas Holdings LLC	
Type of Building	18 Unit Multifamily Building	
Building Size (<i>sf</i>)	9,000sf	
Year of Build / Most Recent Renovation	1968 / 2022	
Environmental Screening Report	Waived (see narrative for rationale)	
Project Information		
Proposed Project Description	Conversion of an oil furnace to a natural gas furnace	
Energy Contractor	Staron Plumbing & Heating Co.	
Objective Function	330.88 kBTU / ratepayer dollar at risk	
		Total
Projected Energy Savings (mmBTU)	Year One	735
	Over EUL	14,702
Estimated Cost Savings (incl. ZRECs/Tariff and tax benefits)	Year One	\$10,793
	Over EUL	\$289,709
Financial Metrics		
Proposed C-PACE Assessment	\$44,433	
Term Duration (<i>years</i>)	20 Years	
Term Rate	5.25% annually	
Construction Rate	5.00% annually	
Annual C-PACE Assessment	\$3,615	
Average DSCR	1.37x	
Savings-to-Investment Ratio	4.01	
Lien-to-Value (<i>LiTV</i>)	2.6%	
Loan-to-Value (<i>LTV</i>)	76.1%	
Appraisal Value ^[1]	\$1,692,216	
Mortgage Lender Consent	Received (NBT Bank)	

^[1] Appraised value per private appraisal of \$1,670,000 + 50% of the project investment hard costs.

C-PACE Project Located at 529-531 Main St, Branford

Property Information				
Property Address		529-531 Main St, Branford		
Municipality		Branford		
Property Owner		529-531 Main Street, LLC		
Type of Building		Commercial		
Building Size (<i>sf</i>)		7,332		
Year of Build / Most Recent Renovation		1925 / 2015		
Environmental Screening Report (EDR)		Low Risk		
Project Information				
Proposed Project Description		28.8 KW DC rooftop Solar PV		
Energy Contractor		Smart Roofs Solar		
Objective Function		30.52 kBTU / ratepayer dollar at risk		
			RE	Total
Projected Energy Savings (mmBTU)	First Year		113	113
	Over EUL		2,160	2,160
Estimated Cost Savings (incl. ZRECs/Tariff and tax benefits)	First Year		\$38,972	\$38,972
	Over EUL		\$177,182	\$177,182
Financial Metrics				
Proposed C-PACE Assessment		\$70,761		
Term Duration (<i>years</i>)		10		
Term Rate		4.75% annually		
Construction Rate		5.00% annually		
Annual C-PACE Assessment		\$8,971		
Average DSCR		1.72x		
Savings-to-Investment Ratio		1.98		
Lien-to-Value (<i>LiTV</i>)		7.4%		
Loan-to-Value (<i>LTV</i>)		68.7%		
Appraisal Value ^[1]		\$926,359		
Mortgage Lender Consent		Received Webster Bank		

^[1] Appraised value per CoStar Analysis (see memorandum for explanation of absence of appraisal) of \$892,009+ 50% of the project investment hard costs.

ENERGY STORAGE SOLUTIONS

PROJECT APPROVALS

Memo

To: Board of Directors of the Connecticut Green Bank

From: Sergio Carrillo (Managing Director of Incentive Programs), Mackey Dykes (VP of Financing Programs and Officer), Brian Farnen (General Counsel and CLO), Bryan Garcia (President and CEO), Bert Hunter (EVP and CIO), Jane Murphy (EVP of Finance and Administration), Eric Shrago (VP of Operations), and Leigh Whelpton (Director of Environmental Infrastructure Programs)

Date: April 26, 2024

Re: Approval of Restructure/Write-Offs Requests below \$100,000 and No More in Aggregate than \$500,000 – Update

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. At the April 24, 2020 BOD meeting of the Green Bank, it was resolved that the BOD approves the authorization of Green Bank staff to evaluate and approve a semi-annual (or two quarterly periods) repayment modification of various transaction types in light of the COVID-19 pandemic.¹ And at the June 26, 2020 BOD meeting of the Green Bank, it was resolved that the BOD approves of the framework applying to subsidiaries of the Green Bank.

Through this period, there were a total of (28) Residential SL-2 projects evaluated and approved for payment restructure or write-off.

Residential Solar Lease 2 Program (“SL-2”):

Residential SL-2 is a solar lease program operated by the Connecticut Green Bank’s subsidiary, CT Solar Lease 2 LLC (“CTSL2”). These are 20-year residential solar PV leases that were installed between 2013 and 2016. Today, CTSL2 owns 1,153 of these residential solar leases.

Below is a breakdown of the lease write-offs and restructures to date.

A total of (7) Residential SL-2 Solar Lease Terminations.

Many of these solar lease terminations were due to the high cost of repairs caused from either critter damage on site or due to installation workmanship issues. After financial review of all potential future risks, it was agreed upon by senior staff that the cost to repair was higher than the value of the asset. To elaborate further on the “workmanship” (4) lease terminations, these leases were terminated due to errors with the original solar installation, ie. Incorrect installation of the solar flashing or lag screws that caused roof leaks or damage to the homeowner’s roof and incorrect electrical wiring in the junction boxes. In these cases, the cost to repair was too high, or the correct installation repairs were not feasible. We sought help from our liability insurance and deducted funds from the installer’s original workmanship holdback accounts to offset damages to the homeowners’ property. We also pursued the installers for the solar repairs, but their holdback accounts were either exhausted or their attorneys claimed that the issues were outside of their workmanship warranty period. In (2) of these cases, the homeowners wanted the lease to be terminated, so it was also a customer-service based decision to terminate. The total lost financial value of these terminations is **\$173,983.13**.

Lease Customer	RPV	Date of Termination	Lost Financial Value	Reason
Yolanda Krawiec	13494	2/25/2021	\$22,856.10	Squirrel damage
Joseph McCann	6129	9/17/2020	\$29,463.75	Squirrel damage
Antonio Rebelo	12393	12/20/2023	\$35,490.00	Workmanship
Bruce Vandenbroek	14552	4/1/2023	\$4,949.90	Property Fire
Patricia O'Brien	12591	2/18/2024	\$27,952.00	Workmanship
Ryan Collins	2410	3/24/2024	\$17,426.68	Workmanship
Thomas Walther	14690	1/24/2024	\$35,844.70	Workmanship

* Financial value is calculated by (Original Fair Market Value System Cost less accumulated depreciation)

A total of (5) Lease Restructures.

Lease Restructures	RPV	Lease Revenue Modification	Offset	Total Lost Lease Revenue
Amy Sufferdini	07333	(\$1,879.20)	Taken from CTEC Holdback	\$0
Dawn Deford	03015	(\$2,359.20)	Taken from RGS Holdback	\$0
Howard Bursen	09337	(\$6,192)	Taken from Trinity Holdback	\$0
Tina Leblanc	12943	(\$6,115)	no offset	(\$6,115)
John Larusso	09309	(\$1,827.80)	no offset	(\$1,827.80)

These lease restructurings were due to the underperformance of the solar PV systems in comparison to their expected performance. In some cases, installers overestimated

customers' annual solar production. To do right by the customer, The Green Bank reduced their lease payments to ensure that their agreements were in line with their actual solar production. Because some of these cases were due to the installers overestimating, a few of these sites were made whole by deducting the difference in lease revenue from the installer's holdback account that was earmarked for resolving workmanship issues. The total lost lease revenue for these restructures is **\$18,373.20**.

A total of (18) lease restructures due to the manufacturer Trina Defect.

Approximately 20% of the residential SL-2 portfolio has modules that are manufactured by a company called Trina Solar. In 2022, we found that many of these sites have a manufacturer defect that caused the panels to fail and required replacement. Due to a supply-chain issue in 2022, it took approximately a year and a half to receive our replacement modules for our first sites that failed. This caused many customers to be without working solar equipment for over a year. It was agreed by the senior staff that we would waive any customer lease payments during this time period until customers' systems were fixed due to the very long wait times. The total lost lease revenue for these payment waivers is **\$27,443.29**.

Lease Restructures	RPV	Lease Revenue Modification	Total Lost Lease Revenue	Reason
Christine Marek	13377	Payments waived from October 2021 to February 2024	(\$4,292.00)	Trina Defect
Stephen Smith	14553	Payments waived from 3/1/2022 - 6/1/2023	(\$628.64)	Trina Defect
Minal Patel	13614	Payments waived from April 2022 to July 2023	(\$1,814.56)	Trina Defect
Edward Bennett	13822	Payments reduced from 10/1/2022 - 12/1/2023	(\$1,175.10)	Trina Defect
Arthur Shilosky	13653	Payments waived from November 2022 to January 2024	(\$2,389.90)	Trina Defect
Philip Heavin	14449	Payments waived from November 2021 to August 2023	(\$2,037.86)	Trina Defect
Thomas Duval	13307	Payments waived from April 2022 - March 2024	(\$3,151.88)	Trina Defect
Peter Polanski	13748	Payments waived from March 2022 - December 2023	(\$1,144.66)	Trina Defect
Catia Dasilva	13847	Payments waived from April 2022 - October 2023	(\$3,504.72)	Trina Defect
Cheryl Castellano	13767	Payments waived from June 2022 - January 2023	(\$1,701.93)	Trina Defect

Ravindra Mehta	13736	Payments reduced from April 2023 - January 2024	(\$922.74)	Trina Defect
Terri Zaczynski	13084	Payments waived from July 2023 - February 2024	(\$915.30)	Trina Defect
Jacek Stec	13859	Payments waived from October 2023 to February 2024	(\$611.20)	Trina Defect
Cevdet Uyar	14546	Payments waived from October 2023 to February 2024	(\$995.58)	Trina Defect
Scott Wyllie	14027	Payments waived from October 2023 to March 2024	(\$683.64)	Trina Defect
Judith Farkas	13680	Payment reduced from March 2023 - February 2024	(\$452.32)	Trina Defect
John Shepa	14389	Payments waived from November 2023 - March 2024	(\$599.25)	Trina Defect
James Shen	14317	Payments waived from November 2022 - March 2024	(\$2,236.57)	Trina Defect



Memo

To: Connecticut Green Bank Board of Directors
From: Eric Shrago
CC: Bryan Garcia, Sergio Carrillo, and Mackey Dykes
Date: April 26, 2024
Re: Fiscal Year 2024 Progress to Targets and Activity in Vulnerable Communities through Q3

The following memo outlines Connecticut Green Bank (CGB) progress to targets and capital deployed, including investments in vulnerable communities¹ for Fiscal Year (FY) 2024 as of March 31, 2024.

Table 1. CGB Totals Progress to Targets

Progress to Targets

YearFiscal	Project Counter Actual	Project Counter Target	% of Target	Capital Deployed Actual	Capital Deployed Target	% of Target	MW Actual	MW Target	% of Target
2024	1,408	1,868	75.4%	\$74,376,829	\$110,893,102	67.1%	36.6	27.5	133.2%

Table 2. CGB Totals Vulnerable Communities (excluding SBEA)

Vulnerable Community (excluding SBEA)

Vintage Vulnerable Community YearFiscal	Not Vulnerable				Vulnerable				Total			
	Capital Deployed	% of Total Capital Deployed	# Projects	% of Total Projects	Capital Deployed	% of Total Capital Deployed	# Projects	% of Total Projects	Capital Deployed	% of Total Capital Deployed	# Projects	% of Total Projects
2024	\$41,009,606	62.59%	670	67.95%	\$24,514,398	37.41%	316	32.05%	\$65,524,003	100.00%	986	100.00%

¹ CGB Performance Metrics Power BI data source: <https://app.powerbi.com/groups/289235dd-d77d-4043-8dae-d232a51a116a/reports/dcec3754-1e52-4c0c-b579-cfa7df20379c/ReportSection3a1e4346c50856c3c008>

Table 3. Financing Programs Progress to Targets

Progress to Targets

ProgramSegment	Project Counter Actual	Project Counter Target	% of Target	Capital Deployed Actual	Capital Deployed Target	% of Target	MW Actual	MW Target	% of Target
Financing	439	509	86.2%	\$24,975,631	\$35,348,000	70.7%	3.1	4.7	66.7%

Progress to Targets

Program2	Project Counter Actual	Project Counter Target	% of Target	Capital Deployed Actual	Capital Deployed Target	% of Target	MW Actual	MW Target	% of Target
Commercial Lease		10			\$10,650,000			4.7	
CPACE	17	19	89.5%	\$16,122,805	\$21,170,000	76.2%	3.1	0.0	
Multi-Family Term		3			\$300,000			0.3	
SBEA	422	480	87.9%	\$8,852,826	\$11,728,000	75.5%	0.0	0.0	

Table 4. Financing Programs Vulnerable Communities (excluding SBEA)

Vulnerable Community (excluding SBEA)

Vintage Vulnerable Community	Not Vulnerable				Vulnerable				Total			
ProgramSegment	Capital Deployed	% of Total Capital Deployed	# Projects	% of Total Projects	Capital Deployed	% of Total Capital Deployed	# Projects	% of Total Projects	Capital Deployed	% of Total Capital Deployed	# Projects	% of Total Projects
Financing	\$7,595,199	47.11%	7	41.18%	\$8,527,606	52.89%	10	58.82%	\$16,122,805	100.00%	17	100.00%

Vulnerable Community (excluding SBEA)

Vintage Vulnerable Community	Not Vulnerable				Vulnerable				Total			
ProgramName	Capital Deployed	% of Total Capital Deployed	# Projects	% of Total Projects	Capital Deployed	% of Total Capital Deployed	# Projects	% of Total Projects	Capital Deployed	% of Total Capital Deployed	# Projects	% of Total Projects
CPACE	\$7,595,199	47.11%	7	41.18%	\$8,527,606	52.89%	10	58.82%	\$16,122,805	100.00%	17	100.00%

Table 5. Incentive Programs Progress to Targets

Progress to Targets

ProgramSegment	Project Counter Actual	Project Counter Target	% of Target	Capital Deployed Actual	Capital Deployed Target	% of Target	MW Actual	MW Target	% of Target
Incentive	969	1,359	71.3%	\$49,401,198	\$57,345,102	86.1%	33.5	22.8	146.9%

Progress to Targets

Program2	Project Counter Actual	Project Counter Target	% of Target	Capital Deployed Actual	Capital Deployed Target	% of Target	MW Actual	MW Target	% of Target
Energy Storage Solutions - Commercial	7	15	46.7%	\$27,978,180	\$30,441,176	91.9%	31.5	20.7	152.0%
Energy Storage Solutions - Residential	98	150	65.3%	\$3,487,897	\$4,800,000	72.7%	0.9	1.0	94.2%
Smart-E	864	1,204	71.8%	\$17,935,121	\$22,423,925	80.0%	1.1	0.9	119.0%

Table 6. Incentive Programs Vulnerable Communities

Vulnerable Community

Vintage Vulnerable Community ProgramSegment	Not Vulnerable				Vulnerable				Total			
	Capital Deployed	% of Total Capital Deployed	# Projects	% of Total Projects	Capital Deployed	% of Total Capital Deployed	# Projects	% of Total Projects	Capital Deployed	% of Total Capital Deployed	# Projects	% of Total Projects
Incentive	\$33,414,407	67.64%	663	68.42%	\$15,986,791	32.36%	306	31.58%	\$49,401,198	100.00%	969	100.00%

Vulnerable Community

Vintage Vulnerable Community ProgramName	Not Vulnerable				Vulnerable				Total			
	Capital Deployed	% of Total Capital Deployed	# Projects	% of Total Projects	Capital Deployed	% of Total Capital Deployed	# Projects	% of Total Projects	Capital Deployed	% of Total Capital Deployed	# Projects	% of Total Projects
Energy Storage Solutions - Commercial	\$17,744,604	63.42%	3	0.31%	\$10,233,576	36.58%	4	0.41%	\$27,978,180	100.00%	7	0.72%
Energy Storage Solutions - Residential	\$2,939,353	84.27%	81	8.36%	\$548,544	15.73%	17	1.75%	\$3,487,897	100.00%	98	10.11%
Smart-E	\$12,730,450	70.98%	579	59.75%	\$5,204,671	29.02%	285	29.41%	\$17,935,121	100.00%	864	89.16%

Table 7. Current Reporting Periods for Smart-E Lenders

lender_name	Latest file_date
Capital For Change	3/31/2024
CorePlus Federal Credit Union	3/31/2024
Eastern Connecticut Savings Bank	3/31/2024
First National Bank of Suffield	3/31/2024
Ion Bank	3/31/2024
Liberty Bank	12/31/2023
Mutual Security Credit Union	3/31/2024
Nutmeg State Financial Credit Union	3/31/2024
Patriot Bank	3/31/2024
Thomaston Savings Bank	3/31/2024
Union Savings Bank	3/31/2024
Workers Federal Credit Union	3/31/2024

Memo

To: Board of Directors of the Connecticut Green Bank

From: Mackey Dykes (VP of Financing Programs and Officer), Bert Hunter (EVP and CIO), Alex Kovtunenکو (Deputy General Counsel), Mariana Trief (Associate Director, Investments)

Cc: Bryan Garcia (President and CEO) and Brian Farnen (General Counsel and CLO)

Date: April 26, 2024

Re: Connecticut Green Bank Commercial Solar Program Expansion

Introduction and Previous Board Approvals

The Green Bank Commercial Solar Program (the “Program”), which includes for-profit entities, non-profits, municipalities, state agencies, public educational facilities and multifamily properties, has operated successfully since 2015 and, following multiple approvals by Green Bank Board of Directors (the “Board”), evolved into a multi-faceted financing program. Approvals from the Board of Directors include the original Program Qualification Memo of the Program dated October 2018 and subsequently updated and approved by the Board in July 2019, March 2020, January 2023 and December 2023.

In the current form of the Program, the Board has previously approved an allocation of \$50 million in funding (subject to the terms in the December 15, 2023 Board approval) for the Program, which allocation may be used for:

1. Development capital;
2. Construction financing;
3. Financing one or more 3rd-party ownership platforms, in the form of sponsor equity and/or debt;
4. Selling solar projects developed by CEFIA Holdings LLC, the Green Bank subsidiary that acts as a development company, to third parties; and
5. Lending directly to property owners (such as condominium associations, non-profits and municipalities) who are unable to access C-PACE financing for the installation of solar projects on their property.

This memorandum requests authority for Green Bank to own and operate solar and storage assets and projects under the Program, on an as needed basis, for the term of the applicable solar/storage projects as further described in this memo.

Need for Expanded Authority

Deploying commercial solar and especially targeting vulnerable communities such as affordable multifamily housing properties, continues to face challenges in the state despite the recent state program that allows affordable properties to qualify for the Residential Renewable Energy Solutions (RRES) program.

On August 16, 2022, President Biden signed the Inflation Reduction Act (IRA)¹, creating the largest investment in the history of the United States to confront climate change by enabling public and private investment, including fulfilling campaign promises on environmental justice and a just transition to a clean energy future. The following “new” provisions that were included in the IRA directly affect the Program:

- **Elective pay** allows applicable entities, including tax-exempt and governmental entities like the Green Bank, to receive direct payment of the Investment Tax Credit (ITC).
- **Low-Income Communities Bonus Credit Program** provides an increased energy investment tax credit for solar facilities benefiting low-income communities. A **qualified low-income residential building project** (Category 3) can obtain a 20% ITC adder if the financial benefits of the electricity produced by the facility are allocated equitably among the occupants of a qualified multifamily residential property. The adder is based on an application and award process where priority is given to entities that meet the Ownership and Geographic Additional Selection Criteria (ASC). Tax exempt entities, like the Green Bank, meet the Ownership ASC.
- The creation of the **Greenhouse Gas Reduction Fund (GGRF)** – a \$27 billion allocation of grant funds through Sec. 134 of the Clean Air Act to simultaneously reduce GHG emissions and air pollution, while increasing investment in and benefits to low income and disadvantaged communities. For the GGRF, the Green Bank set the following priority funding areas, which align with the Commercial Solar Program’s priority areas: Green Resilience Hubs (e.g., solar + storage), Green School Buildings, Green Municipal and Commercial Buildings, and Green Homes.
- **Energy Communities** applies a 10% ITC bonus for projects located in energy communities. The IRA defines energy communities as: i) a “brownfield site, ii) a “metropolitan statistical area” or “non-metropolitan statistical area” that has (or had at any time after 2009) 0.17% or greater direct employment or 25% or greater local tax revenues related to the extraction, processing, transport, or storage of coal, oil, or natural gas; and has an unemployment rate at or above the national average unemployment rate for the previous year; iii) a census tract (or directly adjoining census tract) in which a coal mine has closed after 1999; or in which a coal-fired electric generating unit has been retired after 2009.

These provisions of the IRA will allow the Green Bank’s Commercial Solar Program to have a greater impact in the state, primarily supporting low income and disadvantaged communities. The elective pay provision along with the other IRA incentives allow the Green Bank to own solar PV and storage projects without requiring outside investors (i.e. “tax equity”) to be able to monetize the ITC. Without having to rely upon outside tax equity investors, Green Bank can respond to market needs without the additional transaction costs, burdensome terms and conditions and timing implications traditionally associated with these financing structures. For these reasons, Green Bank staff is requesting Board authority to allow Green Bank to have the option of owning and operating certain commercial solar projects.

¹ <https://www.whitehouse.gov/cleanenergy/inflation-reduction-act-guidebook/>

Green Bank previously developed and now continues to own and operate over 140 commercial projects (~20 MW) through its managing member role in two commercial solar funds, CT Solar Lease 2 LLC (SL2) and CT Solar Lease 3 LLC (SL3). Through that ownership experience as well as its continued involvement in the development and financing of commercial solar projects, Green Bank has the necessary internal resources and is well positioned to own and appropriately manage new solar assets as further described below, while ensuring that challenging and disadvantaged property owners can also benefit from solar savings.

- **Ownership structure:** Solar and storage projects would be owned either directly by the Green Bank or indirectly through a wholly owned subsidiary (such as CEFIA Holdings LLC, or a new subsidiary created specifically for such assets). CGB will utilize outside legal and accounting advise on any issues which arise out of structuring the ownership entity, claiming the ITC through elective pay, isolating any litigation risk during operation of the assets and potentially securitizing assets in the future.
- **Asset management:** Green Bank has a dedicated asset management team that performs monitoring, billing and incentive management for the assets currently under management. It also holds contracts with experienced vendors for operations and maintenance and insurance providers. New projects owned by the Green Bank can be easily integrated to the Green Bank's ownership platform with a seamless transition and limited upfront additional costs.

Green Bank expects that ownership will be beneficial for the development of traditionally challenging market segments, such as, but not limited to, affordable multifamily. However, other solar and storage projects in the Program may also be well suited for ownership by Green Bank as a result of development timeline, transferability constraints, or other financial considerations.

Recommendation

Green Bank staff requests the following modification of the Program authority from the Board, specifically the authority to:

1. Include storage components in solar projects developed under the Program;
2. Place in service, own (either directly or indirectly through a subsidiary), and operate commercial solar and storage projects for the term of such projects;
3. Apply for and monetize state and/or federal incentives associated with the solar and storage projects (e.g. claim federal ITC through elective pay and any ITC bonus adders);
4. Utilize existing Green Bank subsidiaries or create new subsidiaries, if necessary, to own and operate commercial solar and storage projects or support the development of these initiatives.

For the avoidance of doubt, staff is not requesting any increase in the already approved \$50M in allocation for the Program nor any modification for the approval process for deploying capital under the Program. Development capital which was expended on solar and storage projects which would subsequently be placed in service by Green Bank would continue to be tracked and accounted for in the aggregate Program approval limit.

Resolution

WHEREAS, the Connecticut Green Bank (“Green Bank”) Board of Directors (the “Board”) has previously approved In the current form of the Program, the Board has previously approved an allocation of \$50 million in funding (subject to the terms in the December 15, 2023 Board approval) for the Commercial Solar Program (the “Program”), which allocation may be used for, among other things, development capital expenditures.

WHEREAS, there is a continuing demonstrated need for Green Bank’s long-term ownership of commercial solar assets and newly available ability to monetize associated tax credits as explained in a memorandum submitted to the Green Bank Board of Directors (the “Board”) dated April 19, 2024(the “Board Memo”); and

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

NOW, therefore be it:

RESOLVED, that the Board of Directors approves Green Bank’s long-term ownership and operation of commercial solar and storage projects in the state, subject to Program allocation constraints and use cases, as explained in the Board Memo;

RESOLVED, that the President of Green Bank; and any other duly authorized officer of Green Bank, is authorized to execute and deliver, any contract, document or other legal instrument as they shall deem necessary and desirable to develop, construct and own commercial solar and storage projects under the Program 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 effect the above-mentioned legal instruments.

Submitted by: Bryan Garcia, President and CEO; Bert Hunter, EVP and CIO; Mackey Dykes, VP, Commercial, Industrial & Institutional Programs; Mariana Trief, Associate Director, Investments; Alex Kovtunenکو, Deputy General Counsel;

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PosiGen

Proposal for SEFI Syndication Supporting PosiGen's LPO Term Loan April 19, 2024



Document Contents: This document contains background information and due diligence on modification of existing credit facilities for PosiGen, PBC ("PosiGen") collateralized by residential solar PV facilities located within and outside of Connecticut and by the future performance-based incentive ("PBI") payments PosiGen will earn from various residential solar PV projects in Connecticut. 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.

Strategic Update Memo

To: Connecticut Green Bank Board of Directors
CC: Bryan Garcia, President and CEO; Jane Murphy, Executive Vice President Finance and Administration; Brian Farnen, General Counsel and CLO; Eric Shrago, Vice President of Operations; Sergio Carrillo, Managing Director of Incentive Programs
From: Bert Hunter, EVP and CIO
Date: April 19, 2024
Re: Proposal for SEFI Syndication Supporting PosiGen's LPO Term Loan

Background

On April 9, 2024, PosiGen, PBC¹ (together with its subsidiaries, "PosiGen") formally amended its first lien asset-backed facility (the "FLCF") with Brookfield Asset Management ("Brookfield") by adding [REDACTED] capacity, raising the total FLCF capacity to [REDACTED] and expanded the use of funds to include work-in-progress ("WIP") systems. As part of the upside, the Connecticut Green Bank ("Green Bank") increased its "2nd lien" facility subordinated to Brookfield (the "second lien credit facility", or "SLCF") by [REDACTED], increasing the total SLCF commitment to [REDACTED] which includes participants of [REDACTED] and the PBI facility of [REDACTED] (which is defeased with a sweep of PBI revenues paid by the Green Bank (to itself) and with a face amount of exposure for the PBI facility down to [REDACTED]).

The FLCF/SLCF upside was completed to lower PosiGen's cost of funding work-in-progress systems, and to accommodate PosiGen's growth in Connecticut and other states while PosiGen pursues a new [REDACTED] term loan facility with the U.S. Department of Energy's Loan Programs Office ("LPO") under the Title 17 State Energy Financing Institutions ("SEFI") program (broadly, "LPO Term Loan"). PosiGen has continued to advance negotiations with the LPO, and closing is anticipated in late Q2 / early Q3 2024.

PosiGen has also organized a consortium of SEFIs - including New York State Energy Research and Development Agency (NYSERDA), DC Green Bank (DCGB), and New Jersey Economic Development Agency (NJEDA) – which have expressed interest in co-investing along with the Green Bank into PosiGen to satisfy the "SEFI Participation" requirements of the Title 17 program. Due to state-specific programmatic restrictions, SEFIs have wide-ranging investment approval processes before fund disbursement and underwriting criteria pertinent to portfolio composition. Given the Green Bank's long-standing knowledge of PosiGen's business model and the credit risks, the Green Bank staff believe there is a unique opportunity to serve a leadership role in coordinating SEFIs interested in building a financing relationship with PosiGen.

PosiGen and Green Bank staff have discussed various financing structures to meet the objectives of:

- 1) providing "meaningful financial support or credit enhancements" from SEFIs as required by Title 17;
- 2) coordinating underwriting parameters from an expanding group of SEFIs to invite new SEFI participation across a multi-state approach;

¹ Public Benefit Corporation

- 3) support a “catalytic effect²” of driving financial capital towards energy improvements for residential buildings for LMI households.

This strategic update memo provides an overview of the strategic direction of the “SEFI Syndication” structure under consideration to support PosiGen’s qualification for the LPO Term Loan.

Syndicate Structure

Under the proposed terms of the LPO Term Loan (attached hereto as **Exhibit A**), SEFI participation will be structured as a term loan facility *pari passu* with the [REDACTED] term loan facility loaned by the LPO. Green Bank participation in this structure represents an improvement from the subordinated position under the SCLF Brookfield facility. The Green Bank also recognizes the benefit of PosiGen’s repayment of the Tax Equity Bridge Loan and a portion of the SCLF facility as part of the conversion into the LPO Term Loan.

As noted by PosiGen leadership, the SEFI participation figure is established on the basis of the lesser of 10% of LPO Term Loan or 5% of total eligible project costs, currently estimated at \$100 million, but subject to change. [REDACTED] outstrips the term loan financing capacity of any individual SEFI, thereby requiring coordination amongst a consortium of SEFIs, which advances the LPO’s policy objective of catalyzing SEFI involvement across a multi-state approach, but also creates loan administration challenges with intercreditor rights and mismatched underwriting restrictions.

The Green Bank proposes a SEFI Syndication structure, whereby the Green Bank acts as the primary lender to PosiGen and coordinates participatory capital from additional SEFIs and mission-aligned investors to mobilize the necessary [REDACTED] SEFI participation threshold. The Green Bank expects to advance term loan pro-rata alongside the LPO to best support PosiGen’s growth trajectory, and syndicate term loan capital amongst participatory capital.

Green Bank’s net exposure under the SEFI Syndication would be affected by the ability of participating SEFIs to administer funds to the Green Bank, in effect incurring counterparty risk with quasi-public lending institutions similar to the Green Bank. The Green Bank can mitigate this risk by maintaining the right to substitute syndication participants, and as has been made clear to the Board in prior discussions about this SEFI transaction, Green Bank’s SEFI exposure would be capped at [REDACTED], *pari passu* with LPO.

Recommendation

In partnership with the Green Bank, PosiGen has continued to make Connecticut a leader in the equitable deployment of clean energy. The company’s model (based on underwriting to customer savings rather than FICO or income thresholds) is increasingly gaining acceptance in the market. The LPO Term Loan represents a significant capital infusion of low-cost federal funding that will enable PosiGen to significantly scale over the coming years. By building a SEFI Syndication, the Green Bank is advancing its mission of catalyzing financial capital towards LMI households while maintaining net exposure in line with the growth of PosiGen’s portfolio.

Submitted by: Bert Hunter, EVP and CIO

² Program Guidance for [Title 17 Clean Energy Financing Program. Issued May 19, 2023:](#)

Exhibit A Terms of the Proposed LPO Facility

PosiGEN LPO FACILITY

CONCEPTUAL FRAMEWORK

[REDACTED] U.S. DEPARTMENT OF ENERGY LOAN PROGRAMS OFFICE GUARANTY

Conceptual Framework³

1.	Issues to resolve during Due Diligence:	<ul style="list-style-type: none"> - Advance Rate mechanics - Priority Tax Equity distributions - Tax Equity Project Leverage Ratio Statutory Limit - Eligible project costs, marketing costs⁴ - SEFI Designation & Meaningful support - CTGB – PosiGen Term Sheet - Davis Bacon Compliance - Project Credit Rating - Supply Contracts
2.	Transaction Structure:	Back-levered Term Loan
3.	Project name:	Rampart
4.	Loan number:	1488
5.	Lenders:	Federal Financing Bank (“ FFB ”), as supported by a 100% loan guaranty from the U.S. Department of Energy’s Loan Programs Office (“ LPO ”), and the Connecticut Green Bank (“ CTGB ”), with the Lenders <i>pari passu</i> in seniority
6.	Administrative Agent:	LPO on behalf of the FFB
7.	Loan Amount:	[REDACTED] from the FFB, as supported by a guaranty from the LPO
8.	PosiGen Parties	<ul style="list-style-type: none"> - <u>Borrower</u>: PosiGen Rampart, LLC, a Delaware limited liability company, as owner of 100% of Managers. - <u>Managers</u>: one or more limited liability companies to be identified that are each 100% owned by Borrower, and are the current managing members of the Project Companies. - <u>Project Companies</u>: one or more limited liability companies that own the Projects that are either (i) co-owned by a tax equity investor, or (ii) owned 100% by the Manager. - <u>Equity Pledgor</u>: PosiGen Rampart HoldCo, LLC, a Delaware limited liability company, as owner of 100% of Borrower, which is indirectly 100% owned by Sponsor. - <u>Sponsor</u>: PosiGen, PBC, a Delaware public benefit corporation.

³ Like LPO, PosiGen’s legal counsel has not yet reviewed this Framework, so we reserve for their review in all respects.

⁴ As discussed with LPO, PosiGen anticipates that the “eligible cost basis” of the Projects will be determined based on upon the third-party representative appraisals associated with set of Projects owned by a Project Company. In other words, the eligible cost basis for purposes of statutory compliance will equal the concluded Fair Market Values (FMV’s) based on those appraisals.

		<ul style="list-style-type: none"> - <u>Developer</u>: PosiGen Developer, LLC, a Delaware limited liability company, indirectly wholly-owned by Sponsor. - <u>Provider</u>: PosiGen Provider, LLC, a Delaware limited liability company, indirectly wholly-owned by Sponsor.
9.	Estimated Total Project Costs:	██ based on Projects that were Placed in Service after December 9, 2022. ⁵
10.	Estimated Eligible Project Costs:	██
11.	Portfolio:	<p>The “Portfolio” will be comprised of distributed solar energy systems (together with related components, each, a “System”) with power purchase agreements or solar system lease agreements with homeowners (each, a “Customer Agreement”, and together with the System, the “Projects”), including:</p> <ul style="list-style-type: none"> - Projects already Placed in Service dating back to [June 12, 2023] - Projects currently in development or not yet in development that Borrower will include in Portfolio as Placed in Service during the Availability Period. <p>In each case, PosiGen anticipates that such Projects will be available for further improvement or upgrades from time to time as appropriate, including (without limitation): solar, energy storage, electrification, and/or virtual power plant aggregations.</p>
12.	LMI or DAC Targets:	[70 -80]% of the Portfolio
13.	Preliminary Credit Rating:	TBD, per KBRA ⁶
14.	Commitment:	<ul style="list-style-type: none"> - ██, as supported by a guaranty from the LPO, and - ██, with participation from other State Energy Financing Institutions (“SEFIs”) and private sector participants.
15.	Initial Draw:	████████████████████, to be updated at Closing based on the Closing Financial Model, subject to eligible project costs
16.	Borrowing Base:	Borrowing Base to be defined as the present value of (i) Contracted Cash Flows, (ii) Uncontracted Residual Cash Flows as reasonably estimated by Borrower and agreed by Lender, and (iii) both contracted and uncontracted SREC Cash Flows associated with systems that have been Placed in Service, discounted at the Term Loan Interest Rate (as defined below), for all Eligible Projects.
17.	Closing Date:	2024
18.	Use of Closing Loan Proceeds:	Proceeds of the loan advanced at closing may be used to (i) purchase the Managers (as owner of the Project Companies, which own the Eligible Projects), (ii) pay transaction fees and expenses in connection with the Transaction
19.	Use of Draws:	Draws made after Closing will be used to acquire Managers (as owner of the Project Companies, which own the Eligible Projects).
20.	Loan Type:	Senior Secured
21.	Proforma LTV:	████████████████████

⁵ Recognizing that the “look-back” date has been an open question, PosiGen strongly believes that this Dec 2022 date is appropriate, as it represents the date that PosiGen submitted to LPO its draft Executive Summary.

⁶ PosiGen is updating the credit data for the Portfolio through Experian that will inform the KBRA analysis. This credit data is used for portfolio reporting purposes only, PosiGen does not use FICO for underwriting or any customer decisioning.

22.	Availability Period:	
25.	Interest Payments:	Interest will be payable in cash in arrears on each quarterly Payment Date, commencing with the first quarterly payment date following initial drawdown
26.	Principal Payments:	Quarterly payments based on a sculpted amortization schedule
27.	Amortization:	Sculpted, fully amortizing over tenor of loan
28.	Loan Interest Rate – Base:	WAL U.S. Treasuries + 3/8
29.	Loan Interest Rate – Risk Based Charge:	TBD, based on project risk rating with consideration given to LMI goals
30.	Loan Interest Rate – Default:	TBD, base interest rate + typically 2% - 3%
31.	Repayment Frequency:	Quarterly
32.	Interest Calculation:	365 day convention
33.	Prepayment Penalty:	0%, partial or full
34.	Draws:	<p>Each Draw must be a minimum size of [\$20,000,000] and will occur periodically in accordance with the following mechanics.</p> <ul style="list-style-type: none"> - Developer will originate new Projects that will be sold to a Project Company owned by a Manager that is owned by PosiGen’s existing back-leverage borrower. - After all Projects owned by a Project Company are activated and placed in service, then Borrower will acquire the Manager. - The Draw proceeds relating to the Projects owned by the Project Company will be used to purchase the Manager
35.	Closing Fees:	Sponsor Pay. The sponsor is responsible for costs incurred in connection with the closing of the loan guarantee including DOE costs through and after close.
36.	Facility Fees:	<ul style="list-style-type: none"> - Upon close of the loan guarantee, the sponsor shall pay a non-refundable facility fee equal to [REDACTED] of the principal amount of the guaranteed loan.
37.	Maintenance Fees:	
38.	Distributions:	Distribution conditions to be determined, to include minimum historical DSCR of [TBD], minimum projected DSCR of [TBD] and other minimum financial ratios
39.	Cash Sweeps:	[TBD]% of excess cash,[with [TBD]% going toward mandatory prepayment and the remaining [TBD]% funding an excess cash reserve account][subject to DOE’s ability to direct a portion of the prepayment amount to the funding of an excess cash reserve account in certain circumstances to be agreed] in accordance with the cash flow waterfall
40.	Prepayments:	All prepayments of the loan shall be applied to principal installments in inverse order of maturity. The prepayment price, including for the cash sweep, if applicable, will be determined in accordance with the FFB documents and may include a make-whole premium or a discount
41.	Voluntary Prepayment:	During the Availability Period, the Borrower may not voluntarily prepay the Loan unless (a) the Borrower prepays the outstanding loan amount in full

⁷ Could you please clarify what the actual ongoing administrative costs will be for this Facility? As discussed, based on the commercial market, this is much higher than customary agency fees.

		<p>together with all other secured obligations then outstanding, cancels in full the remaining commitment of DOE to make advances on or after the date of such prepayment, and releases DOE from all obligations under the financing documents arising from and after such prepayment, or (b) obtains the prior written consent of DOE.</p> <p>After the Availability Period, the Borrower may voluntarily prepay the loan amount, in part or in full, together with all accrued interest and other fees, costs and expenses then outstanding.</p>		
42.	Voluntary Prepayment Notice:	60days		
43.	Mandatory Prepayments⁸:	<ul style="list-style-type: none"> - Sponsor ceases to indirectly own the Borrower, except as approved by Lender in its sole discretion; - 100% of the net proceeds received from the sale of a Project Company, if the aggregate principal amount outstanding exceeds the most-recently calculated Borrowing Base multiplied by the advance rate, such excess amount; - Cash Sweep as described above; - for any Projects that are wholly-owned, all insurance proceeds, condemnation proceeds, performance liquidated damages received under any construction contract, expropriation proceeds, and other extraordinary receipts (subject to customary thresholds and exclusions); - for any Projects that are wholly-owned, any amounts received by the Borrower due to any early termination of any Customer Agreement; - funds on deposit in any reserve account upon posting of Acceptable Credit Support in lieu of cash, to the extent that such reserve account was funded by Advance proceeds; - at the discretion of the DOE, funds that have remained on deposit in the Distribution Suspense Account for [four (4)] consecutive Payment Dates; - upon a change in law that renders fulfilment of obligations by FFB or DOE unlawful or impossible. 		
44.	Financial & Collateral Covenants:	<p>Historical Debt Service Coverage Ratio maintained at [TBD] Projected Debt Service Coverage Ratio maintained at [TBD] Interest Coverage Ratio minimum of [TBD] Debt to Capital Ratio minimum of [TBD]⁹</p>		
45.	Collateral:	<p>First priority perfected liens on:</p> <ul style="list-style-type: none"> - all of the tangible and intangible assets of the Borrower; - all of the tangible and intangible assets of the Managers; - Pledgor's equity interests in the Borrower; and - all tangible and intangible assets of Project Companies wholly-owned by Sponsor, not subject to a tax equity arrangement. 		
46.	Reserve Accounts:¹⁰	<u>Account</u>	<u>Size</u>	<u>Funding Date & Source</u>
		Debt Service Reserve	TBD	TBD
		O&M Reserve	TBD	TBD

⁸ Note to Posigen: Appreciate the comments here. To be further negotiated/finalized in the Term Sheet.

⁹ Could you please explain this ratio; particularly, what is the denominator?

¹⁰ A DSRA and an O&M reserve account are likely sufficient here.

		Liquidity Reserve	TBD	TBD
		Excess Cash Reserve	TBD	TBD
47.	Eligible Projects:	<p>For a Project to be an “Eligible Project” it must be (i) either be owned by a Project Company or a wholly-owned subsidiary of Borrower , and (ii) meet the following conditions:</p> <ul style="list-style-type: none"> - is Placed in Service; - is operated and maintained by Provider (or a replacement service provider on reasonably acceptable to the Administrative Agent, on terms reasonably acceptable to the Administrative Agent); - is located on property or rooftop(s) owned or controlled by the applicable Customer that is the counterparty to the Customer Agreement; - is comprised of Solar Panels and Inverters (“Major Equipment”) manufactured by an approved manufacturer; - the Customer Agreement with respect to such project is an Eligible Customer Agreement; 11 - the eligible project representations and warranties shall be true and correct with respect to such Project; - the secured parties have a valid and enforceable security interest in the contracted cash flows to be distributed to the managers pursuant to an applicable LLCA; - the Project Company is party to the Master Backup Servicing Agreement with Computershare(or such other replacement backup servicer reasonable acceptable to the Administrative Agent); - is located in the United States of America and payable in U.S. dollars; - is not taken out of service, except for Projects temporarily inoperable due to maintenance, repairs, property improvements, relocation, redeployment, or PosiGen’s normal course collections activity; - the Customer pursuant to a Customer Agreement for a Project is not more than one-hundred twenty (120)¹² days past due; and - Other standard and customary criteria to be determined during diligence. <p>Notwithstanding the forgoing, the Parties understand and agree that Sponsor does not underwrite the credit or income of its Customers.</p>		
48.	Change of Control:	Sponsor owning less than 100% of Borrower; permissible with Lender consent		

¹¹ PosiGen’s portfolio is comprised of a number of different versions of Customer Agreements. On a go forward basis, for Draws after closing, PosiGen agree that the Customer Agreement will be based on our current standard form Lease Agreement (as may be modified from time to time in the future). For Projects in development or already PIS, the eligibility criteria for the form of contract will need to contemplate the variations. Note to Posigen: Please provide the relevant lease forms.

¹² This is consistent with PosiGen’s current backleverage terms.

49.	Conditions Precedent to Close: ¹³	<p>Customary conditions precedent to effectiveness, which may be either satisfied or waived in writing by DOE, including but not limited to: ¹⁴</p> <ul style="list-style-type: none"> - DOE's satisfactory completion of due diligence - Receipt of evidence that all existing indebtedness, other than permitted Indebtedness (to be defined in financing documents), has been repaid - Release of all existing liens on any collateral - [Sponsor's]¹⁵ completed Standard Form-LLL "Disclosure Form to Report Lobbying" - Evidence of the registration by the Borrower in System of Award Management (SAM) - Effective creation and perfection of security over the Collateral - Satisfaction of KYC Requirements - Delivery of Base Case Financial Model satisfactory to DOE and demonstrating agreed financial ratios - Delivery of final consultant reports satisfactory to DOE - Delivery of evidence of required insurance satisfactory to DOE - Delivery of Community Benefits Plan - Receipt by DOE of required approvals¹⁶ - Compliance with applicable law (including but not limited to Cargo Preference Act and Davis-Bacon requirements)¹⁷ - Completion of the NEPA review process¹⁸ - Delivery of final O&M Budget satisfactory to DOE - No Material Adverse Effect
50.	Conditions Precedent to each Cash Advance:	<p>Customary conditions precedent to each Advance, including but not limited to:</p> <ul style="list-style-type: none"> - Representations and warranties remain true in all material respects - No Material Adverse Effect - Receipt of all required approvals as of the date of the advance - Compliance with applicable law (including but not limited to Cargo Preference Act and Davis Bacon requirements) - Certification of no changes to Base Case Financial Model (or delivery of updated Model satisfactory to DOE) - Borrower accounts have been established and funded as and when required

¹³ Note to Posigen: CPs to close to be further detailed in Term Sheet, including SEFI support.

¹⁴ PosiGen assumes that traditional partnership-flip tax equity structure is acceptable to DOE, subject to review of waterfall underlying documentation. Terms of equity investments will be important to LPO's analysis of compliance with 42 U.S.C. 16512(d)(3).

¹⁵ Note to Posigen: Scope of entities required to deliver SF-LLL to be determined.

¹⁶ Could you please clarify for us what approvals will be necessary for this facility? Note to Posigen: Required Approvals will be defined in the Term Sheet but generally, environmental regulatory, construction, and other governmental and third-party consents, permits, and approvals required for construction, completion, ownership, operation and maintenance of systems.

¹⁷ PosiGen acknowledges that while dialogue is ongoing, we currently assume that DBRA does/will not apply to borrowings associated with the Projects already Placed in Service owned by Project Companies in PosiGen's existing warehouse facility. PosiGen acknowledges that DBRA compliance will be required for Projects installed after Closing.

¹⁸ PosiGen understands that the Portfolio and Projects meet the requirements for categorical exclusion under NEPA. Could DOE please confirm?
Other CPs deleted are not applicable to residential rooftop solar.

		- Payment of all fees and expenses ¹⁹
51.	Key Covenants²⁰:	<p>Customary covenants for a transaction of this type, including but not limited to:</p> <ul style="list-style-type: none"> - Affiliate agreements shall contain provisions that DOE determines are appropriate to protect the Borrower's and DOE's interests, including provisions that evidence arm's-length terms and conditions - Coordinate with DOE with respect to any public statements relating to the Loan - Limitations on using the proceeds of any federal grants, assistance, or loans (other than the Loan) to pay any project costs (whether eligible or ineligible) or to repay the Loan after the Execution Date - Limitations on incurrence of additional indebtedness, capital leases, guarantees, liens and refinancing of existing indebtedness - Limitations on investments and capital expenditures - Limitations on asset acquisitions and dispositions - Limitations on changes to the capital structure of the Borrower - Limitations on [Borrower Change of Control]²¹ - Annual Omnibus Report²² and other periodic reporting, including with respect to labor and community benefits
52.	Events of Default²³:	<p>Customary Events of Default for a transaction of this type, including but not limited to:</p> <ul style="list-style-type: none"> - Breach of any interest or principal payment obligation, covenant or representation and warranty - Failure to maintain minimum levels of cash in the Reserve Accounts - Occurrence of a Borrower Change of Control not otherwise permitted by the terms of the Loan Documents or consented to by DOE - Borrower's bankruptcy, insolvency, dissolution, or other similar events - Material judgments against the Borrower or a Project Company
53.	Governing Law:	Federal Law. New York.

¹⁹ Deleted CPs are not applicable to residential rooftop solar. Note to Posigen: Additional CPS to be further negotiated in Term Sheet in detail.

²⁰ Note to Posigen: To be further negotiated in Term Sheet in detail.

²¹ Note to Posigen. Detailed CoC definition to be negotiated in Term Sheet.

²² Please provide. Note to Posigen: Term Sheet will detail reporting requirements.

²³ Note to Posigen: To be further negotiated in Term Sheet in detail.

