

Authorities Budget Office

DEC 05 2024

RECEIVED



November 22, 2024

Hon. Thomas P. DiNapoli
Comptroller of the State of New York
110 State Street
Albany, New York 12236

Hon. Blake G. Washington, Director
State of New York Division of Budget
State Capitol Building 128
Albany, New York 12207

Hon. Jeanette M. Moy, Commissioner
New York State Office of General Services
Corning Tower, 41st Floor
Empire State Plaza
Albany, New York 12242

Hon. Andrea Stewart-Cousins
President Pro Tempore & Majority Leader
New York State Senate
Legislative Office Building, Room 907
Albany, New York 12247

Hon. Carl E. Heastie
Speaker of the New York State Assembly
Legislative Office Building, Room 932
Albany, New York 12248

Hon. Jeffrey H. Pearlman, Director
State of New York Authorities Budget Office
P.O. Box 2076
Albany, New York 12220-0076

**Re: NY Green Bank
Notice of Disposition of Property by Negotiation**

To Whom It May Concern:

Pursuant to Section 2897(6)(d) of the New York State Public Authorities Law ("PAL"), the following explanatory statement ("Statement") is being provided at least ninety (90) days prior to the disposal of property by negotiation.

EXPLANATORY STATEMENT

NY Green Bank ("NYGB") is an unincorporated division of the New York State Energy Research and Development Authority ("NYSERDA"). NYGB is a New York State sponsored investment fund dedicated to filling financial gaps in clean energy and sustainable infrastructure markets to support the State's transition to a green economy pursuant to the Climate Leadership and Community Protection Act (the "Climate Act"). NYGB's financial products include loans to finance clean energy projects that satisfy NYGB's eligibility and investment criteria ("Loans").

One such Loan includes NYGB's lending of \$60 million (the "NYGB Loan") pursuant to the certain Credit Agreement dated as of December 19, 2022 by and among Hecate Energy, LLC (the "Borrower"), Investec Bank PLC, as administrative agent and collateral agent, the lenders party thereto and the issuing banks party thereto, as amended (the "Credit Agreement"), to participate with multiple lenders (the "Lenders") in a \$250 million term loan to the Borrower to

finance solar and battery energy storage systems within a national portfolio, including New York State. Large scale renewable developers require access to significant capital to develop large scale projects. Uncertainty surrounding project valuation can limit borrowing options for such developers. In the instant case, this NYGB Loan was part of a financing solution to demonstrate the ability for this project with a battery component to achieve a competitive risk-return profile, bringing more certainty to its project valuation. Additionally, NYGB's minimum investment criteria required this project to have a potential for energy savings and/or clean energy generation that will contribute to the greenhouse gas ("GHG") emissions reductions initiative under New York's energy policies.

On November 12, 2024, NYGB together with the Lenders received an offer from Lumina Capital Management Ltda. and Lumina Fund II GP Ltd. (jointly, "Lumina") to acquire 100% of the outstanding term loans at par value. To effect the sale, NYGB will assign the NYGB Loan to Lumina for par value, which is at or even above fair market value. The sale will enable NYGB to exit the transaction at par value and recycle the proceeds of the sale for further investments in clean energy projects three years ahead of the maturity date.

In accordance with the applicable provisions of PAL and Policy Guidance No. 15-13 issued by the State of New York Authorities Budget Office, the following additional details regarding the Disposition are provided:

1) Description of the Parties Involved in the Property Transaction

The Parties involved in the transaction are NYGB, a division of NYSERDA, a New York State public benefit corporation, ("Seller" or "Assignor") and Lumina Capital Management, an alternative asset manager ("Buyer" or "Assignee").

2) Justification for Disposing of the Property by Negotiation

NYGB is exempt from publicly advertising for bids pursuant to PAL §2897(6)(c)(v), as the disposition of the NYGB Loan is within NYGB's mission to increase investment into New York's clean energy market and NYSERDA's purposes and powers to "*...develop and implement new energy technologies...to develop and encourage energy conservation technologies...and to promote, develop, encourage and assist special energy projects and thereby advance job opportunities, health, general prosperity and economic welfare of the people of the state of New York.*"

3) Identification of Property, Including Its Location

Specifically, the NYGB Loan is held by NY Green Bank pursuant to the Credit Agreement.

4) Estimated Fair Market Value of the Property

Par value for the NYGB Loan is estimated to be Fair Market Value ("FMV") based on the unsolicited arms-length offer from Lumina and the acceptance of these terms by each of the other term loan Lenders under the Credit Agreement.

5) Proposed Sales Price for the Property

The NYGB Loan will be acquired at par value for \$54,450,000 in principal amount of the loan plus accrued interest.

6) Size of the Property

The NYGB Loan was for \$60 million and \$54.45 million is outstanding as of November 20, 2024.

7) Expected Date of Sale of the Property

An assignment of the NYGB Loan is reasonably expected to take place before the end of February 2025; however, such transfer will not occur until at least ninety days from the date of this Notice.

Any questions or comments relating to this Statement may be sent to NYGB at the address noted on the first page hereof, Attention: Andrew Kessler.

Sincerely,

NY GREEN BANK, a division of the New
York State Energy Research and
Development Authority

DocuSigned by:

Andrew Kessler

CB9558D296E74A1

By: Andrew Kessler

Title: President