

THE BOND BUYER

Connecticut Green Bank unit crowdfunds first green notes

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Published

January 10 2022, 1:42 p.m. EST

For the first time, a municipal issuer is [crowdfunding](#) a designated municipal green bond offering.

CGB Green Liberty Notes LLC, a subsidiary of the Connecticut Green Bank, will allow retail investors to place orders for as little as \$100 for up to \$250,000 of taxable Green Liberty Notes. The one-year notes will carry a 1% interest rate and close Friday.

Bert Hunter, chief investment officer of the Connecticut Green Bank, said the notes build off the bank's Green Liberty Bond [issue](#) that was offered in [\\$1,000 increments](#).



The notes let anyone participate in the green economy, says Bert Hunter, Connecticut Green Bank CIO.

"We've designed our Green Liberty Notes so with as little as \$100 practically everyone can participate in Connecticut's green economy," Hunter said in a [YouTube](#) presentation. "Also Green Liberty Notes mature much more quickly than Green Liberty Bonds."

Since its formation in 2011 as the first [green bank](#) in the United States, the Connecticut Green Bank has raised more than \$2.1 billion for the state's clean energy economy, according the bank.

CGB Green Liberty Notes LLC was organized last year as a special purpose domestic limited liability company and is a wholly owned subsidiary of CEFIA Holdings LLC. The new company was created to enable access to crowdfunded investments.

"In terms of investor engagement, the Connecticut Green Bank is one of the more sophisticated issuers in the entire muni bond market," Colin MacNaught,

CEO and co-founder of BondLink, told The Bond Buyer. "By engaging investors digitally, the Green Bank is also opening up channels of communication so that it can hear from investors as to the preferred structures that the market wants, the types of green projects investors want their investments funding, etc."

Proceeds of this deal will fund the state's Small Business Energy Advantage (SBEA) program, which provides interest-free loans to local governments and businesses who undertake energy efficiency projects. It aims to help offices, shops, restaurants, factories and non-profits become more energy efficient and reduce their energy costs.

The notes are designated green bonds by Kestrel Verifiers, which is accredited by the Climate Bonds Initiative. The issue conforms to the four core components of the International Capital Market Association's green bond principles: use of proceeds; process for project evaluation and selection; management of proceeds; and reporting.



The Green Bank is opening up channels of communication with investors, says Colin MacNaught of BondLink.

CGB has strong [financials](#) and expects a debt service coverage ratio of over 2.0 times during the life of the notes.

The Connecticut Green Bank's aim is to leverage public resources and to use private capital investment; to strengthen the state's vulnerable communities by making the benefits of a green economy inclusive and accessible to all individuals, families and businesses; and to follow investment strategies that advance market transformation in green investing while supporting the pursuit of financial sustainability, according to the offering [document](#).

"In a very strategic, deliberate, manner over the last few years, it has been building its own distribution channels to both institutional as well as non-traditional investors, including local investors in their home state and individual investors," MacNaught said. "That's incredibly valuable over the long-term, as it can now activate that distribution any time it is funding its capital program."

While Connecticut has made strides against the COVID-19 virus with 71.9% of state residents vaccinated as of Dec. 1, 2021, the pandemic has had an effect on the SBEA loan pipeline, according to the document. There were only \$4.75 million of loans purchased in 2020 compared to \$14.83 million in 2020.

"However, the program has already shown signs of recovery with \$11.2 million of loans purchased as of Dec. 1, 2021. The company expects the SBEA program to grow, allowing for more Green Liberty Notes issuances in 2022 and beyond," the document said.

Correction: *The issuer is planning to sell up to \$250,000 of notes, and interest will be taxable. The amount and tax status was incorrect in the original version of the story.*