

845 Brook Street, Rocky Hill, CT 06067
T 860.563.0015
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May 23, 2017

Dear Connecticut Green Bank Deployment Committee:

We have a regular meeting of the Deployment Committee scheduled on Tuesday, May 30, 2017 from 2:00 to 3:00 p.m. in the Colonel Albert Pope Board Room of the Connecticut Green Bank at 845 Brook Street, Rocky Hill, CT 06067.

On the agenda we have the following items:

- **Consent Agenda** – approval of the meeting minutes March 28, 2017.
- **Staff Transaction Recommendations:**
 - a. **Infrastructure Sector:**
 - **PBI Payments** – As a follow-up to the Strategic Retreat and the most recent board meeting, staff is bringing to the Deployment Committee a proposal on early payouts of the Connecticut Green Bank's PBI commitments for third-party owned systems;
 - **Anaerobic Digester Farm Project** – Staff will provide an update as to progress made on approving a farm cited anaerobic digester; and
 - b. **Residential Sector:**
 - **Health and Safety Partnership with DEEP** – Staff is seeking advice and approval of the committee regarding the development of a EnergizeCT Health and Safety Revolving Loan Agreement to address challenging health and safety issues in multifamily housing that are presently impeding energy projects.

If you have any questions, comments or concerns, please feel free to contact me at any time. See you next week.

Sincerely,

A handwritten signature in blue ink, appearing to read "B. Garcia", with a long horizontal flourish extending to the right.

Bryan Garcia
President and CEO



AGENDA

Deployment Committee of the
Connecticut Green Bank
845 Brook Street
Rocky Hill, CT 06067

Tuesday, May 30, 2017
2:00-3:00 p.m.

Staff Invited: George Bellas, Mackey Dykes, Brian Farnen, Bryan Garcia, Ben Healey, Dale Hedman, Bert Hunter, Kerry O'Neill, Rick Ross, Eric Shrago, and Mike Yu

1. Call to order
2. Public Comments – 5 minutes
3. Consent Agenda* – 5 minutes
 - a. Approval of Meeting Minutes for March 28, 2017
 - b. Transactions – Under \$300,000 and No More in Aggregate than \$1,000,000*
4. Infrastructure Sector Program Recommendations* – 40 minutes
 - a. Residential Solar Investment Program – PBI Commitment Payout** – 20 minutes
 - b. Anaerobic Digester Farm Project Update – 20 minutes
5. Residential Sector Program Recommendations* – 5 minutes
 - a. Health and Safety Partnership with DEEP* – 5 minutes
6. Other Business – 5 minutes
7. Adjourn

*Denotes item requiring Committee action

**Denotes item requiring Committee recommendation to the Board of Directors

Join the meeting online at <https://global.gotomeeting.com/join/450900237>

Or call in using your telephone:

Dial (571) 317-3122

Access Code: 450-900-237

***Next Regular Meeting: Tuesday, September 5, 2017 from 2:00-3:00 p.m.
Colonel Albert Pope Board Room at the***

Connecticut Green Bank, 845 Brook Street, Rocky Hill, CT



RESOLUTIONS

Deployment Committee of the
Connecticut Green Bank
845 Brook Street
Rocky Hill, CT 06067

Tuesday, May 30, 2017
2:00-3:00 p.m.

Staff Invited: George Bellas, Mackey Dykes, Brian Farnen, Bryan Garcia, Ben Healey, Dale Hedman, Bert Hunter, Kerry O'Neill, and Eric Shrago

1. Call to order
2. Public Comments – 5 minutes
3. Consent Agenda* – 5 minutes
 - a. Approval of Meeting Minutes for March 28, 2017

Resolution #1

Motion to approve the minutes of the March 28, 2017 Meeting of the Deployment Committee of the Connecticut Green Bank.

4. Infrastructure Sector Program Recommendations* – 40 minutes
 - a. Residential Solar Investment Program – PBI Commitment Payout** – 20 minutes

Resolution #2

WHEREAS, the Green Bank designed and implemented a Residential Solar Photovoltaic Investment Program ("RSIP") to achieve a minimum of three hundred (300) megawatts of new residential PV installation in Connecticut before December 31, 2022;

WHEREAS, pursuant to Section 106 of the Act, the Green Bank offers direct financial incentives, in the form of performance-based incentives ("PBI") or expected performance-based buydowns ("EPBB"), for the purchase or lease of qualifying residential solar photovoltaic systems.; and

WHEREAS, the Green Bank seeks to opportunistically reduce some of its obligations under the PBI program by purchasing the obligations at a discount.

NOW, therefore be it:

RESOLVED, that the Green Bank Deployment Committee recommends to the Board of Directors for approval the auction framework as described by staff and consistent with this memorandum dated May 23, 2017.

- b. Anaerobic Digester Farm Project Update – 20 minutes
- 5. Residential Sector Program Recommendations* – 5 minutes
 - a. Health and Safety Partnership with DEEP* – 5 minutes

Resolution #3

WHEREAS, the Connecticut Green Bank (“Green Bank”) actively seeks to deploy private capital investment toward clean energy improvements in the state’s multifamily housing which in some cases have preexisting health and safety issues that are preventing opportunities for clean energy improvements to be made;

WHEREAS, the definition of “clean energy” per the Green Bank’s enabling statute set forth at C.G.S. 16-45n includes renewable energy technologies as well as “financing of energy efficiency projects,” but does not include health and safety;

WHEREAS, the Green Bank’s enabling statute provides that the Green Bank may make “expenditures that promote investment in clean energy in accordance with a comprehensive plan developed by it to foster the growth, development, and commercialization of clean energy sources,” and that “such expenditures may include, but not be limited to...the implementation of the plan developed pursuant to ... this section”;

WHEREAS, the Green Bank Comprehensive Plan approved by the Board of Directors on July 22, 2016 acknowledges the need to mitigate health and safety issues that act as barriers to realizing clean energy investments opportunities; the Comprehensive Plan also notes that the goals of the Green Bank are to support the implementation of Connecticut’s clean energy policies be they statutory (i.e., PA 15-194), planning (i.e., Comprehensive Energy Strategy, Integrated Resources Plan), or regulatory in nature;

WHEREAS, the Connecticut Department of Energy and Environmental Protection (DEEP’s) 2013 Comprehensive Energy Strategy and the 2014 report of the Connecticut Department of Public Health highlights a funding gap for health and safety remediation as a significant barrier to energy upgrades in the state.

WHEREAS, Green Bank staff has developed expertise and programmatic capacity in deploying funds to remove health and safety barriers to realize clean energy improvements at multifamily properties consistent with the Green Bank’s enabling statute through its current multifamily programs and program partnerships;

WHEREAS, Green Bank staff is now requesting approval to receive and administer \$1.5 million in Regional Greenhouse Gas Initiative funds from DEEP for the purpose of funding remediation of energy related health and safety barriers in residential housing through a program titled EnergizeCT Health and Safety Revolving Loan Fund (“H&S Fund”).

NOW, therefore be it:

RESOLVED, that the Board authorizes approval to receive and administer \$1.5 million in Regional Greenhouse Gas Initiative funds DEEP for the purpose of funding remediation of energy related health and safety barriers in residential housing through the H&S Fund;

RESOLVED, that programmatic terms and conditions for distribution of these funds will be brought to the Board for approval at a future date and will be directionally consistent with the guidelines and memorandum dated January 13, 2017 regarding the H&S Fund and associated exhibits submitted to the Board; and

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

6. Other Business – 5 minutes

7. Adjourn

*Denotes item requiring Committee action

**Denotes item requiring Committee recommendation to the Board of Directors

Join the meeting online at <https://global.gotomeeting.com/join/450900237>

Or call in using your telephone:

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Access Code: 450-900-237

Next Regular Meeting: Tuesday, September 5, 2017 from 2:00-3:00 p.m.

***Colonel Albert Pope Board Room at the
Connecticut Green Bank, 845 Brook Street, Rocky Hill, CT***



Deployment Committee Meeting

May 30, 2017

Deployment Committee

Agenda Item #1

Call to Order

Deployment Committee

Agenda Item #2

Public Comments

Deployment Committee

Agenda Item #3

Consent Agenda

Consent Agenda

Resolution 1



- **Meeting Minutes** – approval of meeting minutes of March 28, 2017
- **Under \$300,000 and No More in Aggregate than \$1,000,000** – memo to update Deployment Committee on transactions reviewed and approved by staff and clearing the queue for future transactions consistent with Comp Plan and Budget.

Consent Agenda

No More in Aggregate than \$1,000,000



Project Name	Comprehensive Plan	Amount	Type
1795 Silas Deane (Weathersfield)	C-PACE – EE	\$30,747	Benefit Assess.
234 Middle Street (Middletown)	C-PACE – solar PV	\$289,193	Benefit Assess.
Twin Oaks Condominium Assoc.	Multifamily Housing	\$15,000	Navigator Loan
Seabury Cooperative	Multifamily Housing	\$228,300	Navigator Loan
Total		\$563,240	

Approximately \$565,000 in loans

Deployment Committee

Agenda Item #4

Infrastructure Sector

Program Updates and Recommendations

Deployment Committee

Agenda Item #4a

Infrastructure Sector

RSIP – PBI Commitment Payout

Overview



PBI Payout for “Non-SHREC”

- Discussions with third-party system owners (TPOs) indicate interest in an early “buyout” of the long-term payment streams of PBIs
 - ✓ Allows TPO’s to realize cash value now instead of over the remaining term of the PBI performance period
 - ✓ Efficient use of cash – Green Bank eliminates long-term payment obligations at a discount
- Approximately \$20.2 million of PBI payments left as of Jan 1, 2017 for “non-SHREC” projects (i.e., those approved prior to Jan 1, 2015)

Buyout Format



PBI Payout for “Non-SHREC”

- Buy-out capital allocation: \$5,000,000 to be deployed prior to June 30th.
- Modified Dutch Auction:
 - ✓ Focus on Discount Rate
 - ✓ Sealed bids with multiple bids allowed by single bidder

Participant X - Multiple Bids

PBI Amount	Rate
\$ 3,000,000	7%
\$ 4,000,000	6%
\$ 5,000,000	5%

- ✓ Reserve price
 - ✓ Right not to proceed if less than \$5,000,000 in bids over the Reserve price
- ✓ All winning bidders get the same rate

Participant	Bid	PBI Value	Aggregate PBI
A	10%	\$ 500,000	\$ 500,000
B	10%	\$ 250,000	\$ 750,000
C	9%	\$ 2,000,000	\$ 2,750,000
X	7%	\$ 3,000,000	\$ 5,750,000
Y	5%	\$ 400,000	\$ 6,150,000
Z	3%	\$ 6,000,000	\$ 12,150,000

<-- Crosses the \$5,000,000 threshold, so Discount Rate = 7%

Sample Allocation

PBI Payout for “Non-SHREC”



Capital Allocation						
Participant	Bid			Aggregate PBI	Pro Rata Share	Final
	Amount	Rate	Rate			
A	\$ 500,000	10%	\$ 500,000	\$ 434,783	7%	
B	\$ 250,000	10%	\$ 750,000	\$ 217,391	7%	
C	\$ 2,000,000	9%	\$ 2,750,000	\$ 1,739,130	7%	
X	\$ 3,000,000	7%	\$ 5,750,000	\$ 2,608,696	7%	
Y	\$ 1,000,000	5%	\$ 6,750,000	NA	NA	

■ Benefits of the framework:

- ✓ Sets a market price for Discount Rate
- ✓ Same revenue outcome as bidders receiving the their bid rates (revenue equivalence)
- ✓ Perceived sense of fairness (same rate, pro rata allocation)

Deployment Committee

Agenda Item #4b

Infrastructure Sector

Thompson Agricultural Anaerobic Digester Farm
Project

AD Program

Policy and Program Status



Policy

- ▶ Green Bank administered 5-year pilot program, established as a result of PA 11-80, section 103, and amended by PA 15-152 (HB 6020) has closed taking new application as of April 17, 2017. Legislation allowed for up to 5 AD projects to be built, up to 3 MW in size.

Program

- ▶ Board approval has been granted for 4 AD projects totaling 7.4 MW of new installed capacity. Today's project update will be the 5th AD project that staff will be bringing to the board (Deployment Committee) for approval.
- ▶ Total capital cost of projects already approved under AD pilot program → \$74M. Green Bank's investment (subordinated loans) → up to \$14M (~ 19% of total capital cost)

AD Program

Thompson Agricultural AD Project



Proposed Project Summary

- ▶ Project proposal submitted by Fort Hill Ag-Grid, LLC a SPE wholly owned by both Fort Hill Farms and Ag-Grid Energy, LLC
- ▶ 450 kW farm based Anaerobic Digestion facility
- ▶ System to be located on a 1,000 acre multi-generation family owned and operated farm in Thompson, CT
- ▶ Farm currently has ~ 395 cows, 200 milking – plans for adding 150 milking cows over next 5 years.
- ▶ Facility will process ~ 40,000 tons/year of manure, food scraps & other organic materials - 70/30 mix of food scraps to manure/other organics.
- ▶ System will produce ~ 3.3 MWh of electricity annually – 200,000 kWh used by the farm.
- ▶ Digester will produce ~ 73 million ft³/year of biogas

AD Program

Thompson Agricultural AD Project



Proposed Project Funding Sources

- ▶ Project capital cost estimate → [REDACTED]
- ▶ Equity to be provided by Martin Energy Group → [REDACTED]
[REDACTED]
- ▶ USDA REAP Grant → [REDACTED]
- ▶ NRCS Grant → [REDACTED]
- ▶ SPE Equity (Safe Harbor ITC) → [REDACTED]
- ▶ Farm Credit East Bank (Senior Lender) → [REDACTED]
- ▶ Requested sub-debt loan from Green Bank → [REDACTED]

Ownership & Partners

- ▶ Fort Hill Ag-Grid, LLC – special purpose entity (CT) wholly owned by both Fort Hill Farms and Ag-Grid Energy, LLC
- ▶ Martin Energy Group has an equity stake in the project and will provide EPC services to the project.

Deployment Committee

Agenda Item #5

Residential Sector Program Recommendations

Partnership with DEEP

Health & Safety - Overview



- Energy projects often face obstacles from necessary health and safety issues.
 - Limited resources to address with current CGB programs
 - Disproportionately impacts LMI residents in multifamily housing
- DEEP has available RGGI funds targeted for health and safety issues remediation
 - They requested CGB receive, manage, and disburse these funds in order to remediate health and safety barriers in residential housing.
- CGB and DEEP propose establishing the EnergizeCT Health and Safety Revolving Loan Fund (“H&S Fund”).



Partnership with DEEP

Health & Safety – Program Proposal



- Transfer \$1.5 million of Regional Greenhouse Gas Initiative (RGGI) proceeds from DEEP to the Green Bank to support owners of residential properties that house LMI residents to cover the costs of remediating health and safety issues that are preventing energy upgrades.
 - Funds will go into H&S Fund and remain with the Green Bank in perpetuity
 - Any capital not deployed at least once by June 30, 2022 by CGB will be returned to DEEP.
- The Green Bank will administer H&S Fund and deploy this capital in conjunction with its residential financing products, as well as energy efficiency programs administered by CT's major energy utilities.
 - Deployment of capital from H&S Fund will initially target multifamily properties, with the ability to provide limited grants on an exception basis.
 - DEEP has allowed for potential for capital deployment directed at single family properties in the future but will require additional study, program design, and Board approval.

Partnership with DEEP



Health & Safety – Loan Fund Operations

- Proposed operations and approval process for the uses of the H&S Fund are to be similar to those approved by the Board for the Catalyst Fund Pilot Program.
- This entails a review and approval process with DEEP prior to fund disbursement so that the H&S Funds augment and are easily woven into current Green Bank loan programs as well as utility incentive programs, including those under the joint EnergizeCT Multifamily Initiative.
- Establish a process to meet the state set aside requirements for contractors qualified as small and minority owned businesses.
- It is the intent of staff to bring revised Catalyst Fund Pilot Program guidelines to the Board for approval at the June Board Meeting.

Partnership with DEEP Health & Safety



NOW, therefore be it:

RESOLVED, that the ~~Board~~ **Deployment Committee** authorizes approval to receive and administer \$1.5 million in Regional Greenhouse Gas Initiative funds DEEP for the purpose of funding remediation of energy related health and safety barriers in residential housing through the H&S Fund;

RESOLVED, that programmatic terms and conditions for distribution of these funds will be brought to the ~~Board~~ **Deployment Committee** for approval at a future date and will be directionally consistent with the guidelines and memorandum dated January 13, 2017 regarding the H&S Fund and associated exhibits submitted to the Board; and

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

Deployment Committee

Agenda Item #6
Other Business

Deployment Committee

Agenda Item #7
Adjourn

**Deployment Committee of the
Connecticut Green Bank**

845 Brook Street
Rocky Hill, CT 06067
Tuesday, March 28, 2017
2:00-3:00 p.m.

A regular scheduled meeting of the Deployment Committee of the Board of Directors of the Connecticut Green Bank was held on March 28, 2017 at the office of the Green Bank, 845 Brook Street, Rocky Hill, CT.

1. Call to order

Bryan Garcia called the meeting to order at 2:03 p.m. Deployment Committee members participating: Matt Ranelli (by phone) & Reed Hundt (by phone).

Staff Attending: Dale Hedman, Cheryl Samuels, Bryan Garcia (by phone), Nicholas Zuba (by phone), George Bellas, Jane Murphy, Ben Healey (by phone), Eric Shrago (by phone), Mike Yu (by phone), Brian Farnen (by phone).

2. Public Comments

There were no public comments.

3. Consent Agenda

a. Approval of Regular Meeting Minutes for February 27, 2017

Resolution #1

Motion to approve the minutes of the February 27, 2017 Meeting of the Deployment Committee of the Connecticut Green Bank.

b. C-PACE Transaction Update (Bridgeport)

Upon a motion made by Reed Hundt and, seconded by Matt Ranelli, Resolutions 1 and 2 were approved unanimously.

Resolution #2

WHEREAS, pursuant to Section 16a-40g of the Connecticut General Statutes, as amended, (the “Act”), the Connecticut Green Bank (the “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 \$340,424 construction and (potentially) term loan under the C-PACE program to MP Development Associates, LLC, the building owner of

305 Knowlton Street, Bridgeport, 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; and

WHEREAS, the Green Bank may also provide a short-term unsecured loan (the

"Feasibility Study Loan") from a portion of the Loan amount, to finance the feasibility study or energy audit required by the Act, and such Feasibility Study Loan would become part of the Loan and be repaid to the Green Bank upon the execution of the Loan documents.

NOW, therefore be it:

RESOLVED, that the President of the Green Bank and any 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 Deployment Committee dated March 21, 2017, 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 Deployment Committee;

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 Act, 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 effect the above-mentioned legal instruments.

4. Infrastructure Sector Program Updates and Recommendations

a. Residential Solar Investment Program – PBI Commitment Payout

Mike Yu provided an overview of the Residential Solar Investment Program and the PBI payouts for Non – SHREC. He stated that this proposed approach would allow for the reinvestment of the monies. He also stated that this would transfer some of the performance risk from the owners to the Connecticut Green Bank, but would allow the Connecticut Green Bank to eliminate long term obligations at a potential discount.

Mike Yu stated that in early March they had reached out to the Third-Party owners requesting a framework calculating the expected performance of their respective portfolios. He stated that they have received positive feedback from 4 out of the 5 top Third Party Owners. He stated that they will bring the proposal to the Board at the April 28, 2017 meeting.

Reed Hundt discussed the discount rate and the variables for the optimization.

Matt Ranelli voiced his concerns with ARRA funding and the performance payout. Brian Farnen stated that any agreement will have clear language, and that ARRA funding was not relevant to this transaction.

b. Residential Solar Investment Program – Steps 11 through 13

Bryan Garcia provided an update on the RSIP. He stated that they are at about 55% of the goal. He stated that they have reduced incentives by over 80%. He commended the team, stating that they are focused and passionate about solar being available to all income classes. He stated that Kerry O'Neill will provide a more in-depth update on this at the meeting in April.

Bryan Garcia discussed SHREC and Non-SHREC RECs being approved by PURA. He commended the utilities – Eversource and Avangrid – for their support on the Master Purchase Agreement. He stated that they expect a final decision in April.

Bryan Garcia discussed Steps 11 – 13. Dale Hedman stated that they are 2/3rds of the way through Step 10 with about 10 MW remaining.

Bryan Garcia discussed the Non-SHREC RECs that will not be in the Master Purchase Agreement. He stated that they expect to be fully compensated for any incentives and administrative costs that were provided after January 1, 2015.

Bryan Garcia discussed the RSIP Steps 11 through 13. He stated that they will continue with Step 10 levels in Step 11 and then reduce by 5% in Step 12 and Step 13. Dale Hedman stated that the change is in Step 12 and 13, which is the same as in Step 12.

Bryan Garcia discussed the LMI PBI Incentive. He stated that they will continue with Step 10 levels in Step 11 and will reduce 10% in each of the Steps, 12 and 13. He stated that POSIGEN is becoming the fastest growing residential solar PV company in Connecticut.

Bryan Garcia stated that they are proposing a new pilot with three requirements for customers to participate in. He stated that they want to have the homeowners do the Energy Audit first. He stated that the SMART E Loan will help the homeowners do the “deeper” efficiency. The second requirement is that installers include Smart Inverters. He stated that the third is having the customer sign Data Release and System Access form.

Reed Hundt questioned if they will be able to use the system when the grid is down. Dale Hedman stated that they will be able to with a battery storage.

Reed Hundt commended the team for their work.

Dale Hedman provided an overview on the Battery Storage Incentive for the RSIP Pilot. He stated that they are proposing with the new pilot that homeowners would have to go onto one of the EDC's time a day rates, and with the battery storage system they would dispatch a minimum of 40% of the battery during peak hours. He stated that the battery would help to lessen the cost of electricity utilization during peak hours, while offsetting power on the grid.

Matt Ranelli questioned, if someone doesn't use 40% of the battery during peak hours, would it discharge to the grid. Dale Hedman stated that it would be done through the Smart Inverter.

Bryan Garcia stated that they want to support the industry's “sustained orderly development” with all the tools that they need to manage and grow their businesses with their customers.

Upon a motion made by Reed Hundt, and seconded by Matt Ranelli, the Committee voted unanimously in favor.

Resolution #3

WHEREAS, Public Act 15-194 “An Act Concerning the Encouragement of Local Economic Development and Access to Residential Renewable Energy” (the “Act”) requires the Connecticut Green Bank (“Green Bank”) to design and implement a Residential Solar Photovoltaic (“PV”) Investment Program (“Program”) that results in no more than three-hundred (300) megawatts of new residential PV installation in Connecticut before December 31, 2022 and creates a Solar Home Renewable Energy Credit (“SHREC”) requiring the electric distribution companies to purchase through 15- year contracts the Renewable Energy Credits (“RECs”);

WHEREAS, as of March 21, 2017, the Program has thus far resulted in nearly one-hundred and sixty megawatts of new residential PV installation application approvals and completions in Connecticut;

WHEREAS, pursuant to Conn. Gen Stat. 16-245a, a renewable portfolio standard was established that requires that Connecticut Electric Suppliers and Electric Distribution Company Wholesale Suppliers obtain a minimum percentage of their retail load by using renewable energy;

WHEREAS, real-time revenue quality meters are included as part of solar PV systems being installed through the Program that determine the amount of clean energy production from such systems as well as the associated RECs which, in accordance with

Public Act 15-194 will be sold to the Electric Distribution Companies through a master purchase agreement entered into between the Green Bank, Eversource Energy, and United Illuminating, and approved by the Public Utility Regulatory Authority;

WHEREAS, pursuant to the Act, the Green Bank has prepared a declining incentive block schedule (“Schedule”) that offers direct financial incentives, in the form of the expected performance based buy down (“EPBB”) and performance-based incentives (“PBI”), for the purchase or lease of qualifying residential solar photovoltaic systems, respectively, fosters the sustained orderly development of a state-based solar industry, and sets program requirements for participants, including standards for deployment of energy efficient equipment as a condition for receiving incentive funding;

WHEREAS, pursuant to the Act, to address willingness to pay discrepancies between communities, the Green Bank will continue to provide additional incentive dollars to improve the deployment of residential solar PV in low to moderate income communities.

WHEREAS, pursuant to the Act, to address sustained orderly development of a state-based solar industry, the proposed grid modernization and climate change pilot will provide incentives for solar PV to offset the additional energy load from clean energy sources and storage needs.

WHEREAS, pursuant to Section 16-245(d)(2) of the Connecticut General Statutes, a Joint Committee of the Energy Conservation Management Board and the Connecticut Green Bank was established to “examine opportunities to coordinate the programs and activities” contained in their respective plans (i.e., Conservation and Load Management Plan and Comprehensive Plan);

WHEREAS, the Global Warming Solutions Act of 2008 requires Connecticut to reduce its greenhouse gas emissions by 80 percent from 2001 levels by 2050, all the while transportation and the thermal heating and cooling of buildings representing the largest emitting sectors;

WHEREAS, residential solar PV can provide cleaner, cheaper, and more reliable sources of energy for electric vehicles and renewable thermal technologies while creating jobs and supporting local economic development;

NOW, therefore be it:

RESOLVED, that the Deployment Committee recommends that the Board approves of the Schedule of Incentives as set forth in Tables 4, 5 and 6 of the memo dated March 21, 2017 20.0 MW from Step 11, 20.0 MW from Step 12, and 20.0 MW from Step 13.

5. Other Business

There was no other business.

6. Adjourn

Upon a motion made by Matt Ranelli, and seconded by, Reed Hundt, the Committee voted unanimously to adjourn the meeting at 2:59 p.m.

Respectfully Submitted,

Reed Hundt, Chairperson

Memo

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

From: Bryan Garcia (President and CEO)

Date: May 30, 2017

Re: Approval of Funding Requests below \$300,000 – Update

At the July 18, 2014 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 \$300,000 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. This memo provides an update on funding requests below \$300,000 that were evaluated and approved. During this period, 4 projects were evaluated and approved for funding in an aggregate amount of approximately \$566,314. If members of the board would be interested in the internal documentation of the review and approval process Green Bank staff and officers go through, then please request it.

Project Name: Wethersfield Offset – 1795 Silas Deane Highway

Amount: \$30,747 +/-10%

Comprehensive Plan: CPACE – Hannon Facility (to be tranced at a later date)

Description

The property at 1795 Silas Deane Highway is a 5,695-square foot light industrial building (the “Property”) leased to Wethersfield Offset (“Wethersfield” or the “Company”), a provider of business and retail printing services. The Property is owned by Joseph P. and Barbara A. Amaio (the “Borrowers”), the owners of Wethersfield.

The proposed investment is a C-PACE transaction under which the Connecticut Green Bank (the “Green Bank”) would provide construction financing in the amount of **\$30,747**, at a per annum 5.0% interest rate, converting to a 10-year term loan post construction, at an interest rate of 5.0% per annum. The financing will support energy efficiency upgrades including

lighting, HVAC, and building envelope improvements. As part of a policy with Hannon Armstrong for C-PACE transactions under \$200,000, the Green Bank will sell the transaction in a future tranche to HA C-PACE LLC, where the Green Bank would ultimately fund 10% of the financing, amounting to \$3,075, and the remaining 90% would be funded by Hannon Armstrong.

The project's **SIR** over the useful life of measures is **1.45** and is expected to generate total gross savings of \$57,038 over the effective useful life. With this C-PACE loan, the **LiTV and LTV (no mortgage) for the property will be 5.8%**. Given the size and credit characteristics of the project, it falls within the **expedited underwriting** bucket established by HA C-PACE LLC.

Staff has examined the financials of both the Property and Wethersfield and found them to be in good health. Wethersfield has a triple net lease whereby it pays all expenses, insurance, and taxes on the Property, which had rental revenue/NOI of 60,000 for 2016.

Taking all of these factors into account, staff recommends the project for approval, pursuant to the Project Approval Form.

Project Name: Ferazzoli Imports of New England, Inc. – 234 Middle Street

Amount: \$289,193 +/-10%

Comprehensive Plan: C-PACE – Hannon Facility

Description

The property at 234 Middle Street is a 100,000+ square foot light industrial building (the "Property") leased to Ferazzoli Imports of New England, Inc. ("Ferazzoli" or the "Company"), a retail and wholesale distributor of flooring material, granite, and marble throughout the Northeast. The Property is owned by Stone Resources, LLC. ("Stone Resources" or the "Borrower"), a real estate holding company owned by Ferazzoli.

The proposed investment is a C-PACE transaction under which the Connecticut Green Bank (the "Green Bank") would provide construction financing in the amount of **\$289,193**, at a per annum 5.0% interest rate, converting to a 14-year term loan post construction, at an interest rate of 5.4% per annum. The financing will support a 124.78 kW solar PV system. The Green Bank, at a future time, intends to sell down this transaction to the HA C-PACE LLC warehouse facility, whereby the Green Bank would fund ultimately 20% of the transaction, amounting to \$57,838. The remaining 80% would be funded by Hannon Armstrong. In the event the assessment is not sold to HA C-PACE LLC, the Green Bank will hold it on its balance sheet until it can be sold to another capital provider.

The project's **SIR** over the useful life of measures is **1.79** and is expected to generate total gross savings of \$741,919 over the effective useful life. With this C-PACE loan, the **LiTV for the property will be 5.5%**. There is a \$3,422,462 mortgage (owned by First Niagara) on the Property, bringing the **LTV to 70.9%**. In addition to the mortgage, at the Ferazzoli entity, there are two note payables totaling \$914,435 to First Niagara that are secured by all corporate assets of Ferazzoli and guaranteed by the stockholders, Stone Resources, LLC, and other subsidiaries. These note payables have not been factored into the LTV calculation, but staff is comfortable with the notes given the significant asset coverage provided by

Ferazzoli (e.g., net current assets of \$6.2 million as of December 31, 2016). Given the size and credit characteristics of the project, it falls within the **expedited underwriting** bucket established by HA C-PACE LLC.

Staff has examined the financials of both Ferazzoli and the Borrower and found them to be in good health. EBIDA and NOI for Ferazzoli and Stone Resources were \$2.3 million and \$854,243, respectively, for 2016.

Taking all of these factors into account, staff recommends the project for approval, pursuant to the Project Approval Form.

Project Name:	Twin Oaks Condominium Association
Amount:	\$15,000 NTE / \$6,450 Actual Loan Amount
Comprehensive Plan:	Multi-Family Housing – Navigator Loan

Description

Twin Oaks Condominiums is a complex with 5 two and three story buildings that contain 100 units on Oakwood Avenue in West Hartford CT. The property is a market rate complex with individually owned units, reportedly constructed in 1964. The property also offers off-street parking. It is close to downtown Hartford and blocks from I-84.

The project involves an energy audit by New Ecology at the request of the Managing Agent for the Condo Association. Excerpts from the New Ecology Proposal can be found in the write up. The audit will cost \$8,600, the Green Bank's share will be 75% (\$6,450).

Project Name:	Seabury Cooperative
Amount:	\$228,300 NTE
Comprehensive Plan:	Multi-Family Housing – Navigator Loan

Description

Seabury Cooperative is a 2 building complex with 88 apartment units on the corner of Elm and Howe streets in New Haven CT. The property was built in 1973 and one building is 7 stories tall and the second is 2 stories. It is on the edge of the Yale University campus. The property has both affordable and market rate apartments. The property has Section support for 18 units and the balance of the units are reported to be "naturally affordable" by the property manager. The site measures approximately 1.30 acres. All of the 18 Section 8 units consist of studio and one-bedroom apartment units in the high-rise building. The remaining 70 units consist of 11 studio units, 47 one-bedroom units, 3 large one-bedroom units and 9 two-bedroom units. The property also offers 44 parking spaces.

The project anticipates planning for the replacement of the heating and HVAC systems which are currently all electric. Electric costs have increased by 50% from 2013 to 2015 from

\$150M to \$225M. The project also will examine roof insulation and new windows among other energy and health and safety issues. The Borrower description of the work is below:

The proposed cost of the pre-development work is \$228,300 which was calculated using both specialists' proposals and estimates.



Memo

To: Connecticut Green Bank Deployment Committee

From: Mike Yu, Assistant Director, Clean Energy Finance

CC: Bryan Garcia, President and CEO; Bert Hunter, EVP and CIO; Brian Farnen, General Counsel and CLO; Dale Hedman, Managing Director of Statutory & Infrastructure Programs; Ben Healey, Director of Clean Energy Finance

Date: May 23, 2017

Re: Purchase of Performance Based Incentive ("PBI") Obligations

In Q1 2017, the Board of Directors of the Connecticut Green Bank ("Green Bank") held a strategic retreat to discuss, amongst other things, opportunities whereby the Green Bank could deploy its resources to strengthen its balance sheet over the long term. One such opportunity was to "buy-out" some of the obligations of the performance based incentive program ("PBI") administered by the Green Bank under the Residential Solar Investment Program ("RSIP"). Following the strategic retreat, staff conducted calls with key third-party system owners ("TPOs") to gauge interest in a potential buy-out. At the March 28, 2017 Deployment Committee meeting, staff provided an update on a plan to buy-out the PBIs. Please see the memo attached as Appendix A for additional background on the PBIs and the RSIP. Since our first Deployment Committee meeting, staff has continued discussions with TPOs and has formulated a buy-out framework to present to the Board of Directors upon the Deployment Committee's review and recommendation for approval.

Capital Allocation

After internal discussions, staff recommends allocating up to \$5,000,000 for a PBI buy-out through June 30th, 2017. This figure represents approximately 25% of the total outstanding PBI obligations from systems activated before December 31st, 2015. Given that a \$5,000,000 allocation of funds is less than the aggregate PBI payments, TPOs may need to select a subset of eligible systems to be bought out. The final composition of systems to be bought-out will be back-tested to ensure that they are performing to reasonable expectations. Should the buy-out be successful and there is continued interest by TPOs after June 30th, 2017, staff may recommend the allocation of additional funds for another round of buy-outs.

Auction Format

Staff intends to use a **Modified Dutch Auction** to set a market price for the PBIs. In this type of auction, all bidders will submit sealed bids by a specified cutoff date (e.g., June 15th, 2017). Each TPO's bid, in this instance, will be the rate at which the PBI payments for a specified portfolio of solar systems are discounted for a present value calculation ("Discount Rate"). All other variables, including expected generation methodology¹, buy-out date, etc., will be fixed. Bidders may only submit bids once, and bids are final once submitted, but TPOs may submit multiple bids at increasing amounts (when ranked by Discount Rate) simultaneously. For example, a TPO may submit bids as follows:

Participant X - Multiple Bids		
	PBI Amount	Rate
\$	1,000,000	7%
\$	2,000,000	6%
\$	3,000,000	5%

The amount bid by the TPO must increase because it is irrational for the TPO to be willing to take less money at a lower discount rate. So, if the TPO offers a higher amount bid at a higher discount rate, then it is trying to game the auction in some way that ipso facto should be discouraged. At the end of the bidding process, the TPOs' bids will be opened and Discount Rates will be ranked in descending order along with the value of the PBI associated with their bid, and the buy-out Discount Rate will be set at the point at which the aggregate PBI value crosses the \$5,000,000 threshold.

Participant	Bid	PBI Value		Aggregate PBI	
A	10%	\$	500,000	\$	500,000
B	10%	\$	250,000	\$	750,000
C	9%	\$	2,000,000	\$	2,750,000
X	7%	\$	3,000,000	\$	5,750,000
Y	5%	\$	400,000	\$	6,150,000
Z	3%	\$	6,000,000	\$	12,150,000

<-- Crosses the \$5,000,000 threshold, so Discount Rate = 7%

In terms of capital allocation, TPO's will be allocated funds based on their pro rata portion of the total qualified bids. Taking the above example, the final allocation would be:

¹ The Deployment Committee memo discuss using P50 projections, however the Green Bank's uses PowerClerk, which utilizes a different methodology (TMY3). Given the cost associated with calculating P50 projections, staff recommends using internally calculated projections based upon available PowerClerk data

Capital Allocation						
Participant	Bid		Aggregate PBI	Pro Rata Share	Final Rate	
	Amount	Rate				
A	\$ 500,000	10%	\$ 500,000	\$ 434,783	7%	
B	\$ 250,000	10%	\$ 750,000	\$ 217,391	7%	
C	\$ 2,000,000	9%	\$ 2,750,000	\$ 1,739,130	7%	
X	\$ 3,000,000	7%	\$ 5,750,000	\$ 2,608,696	7%	
Y	\$ 1,000,000	5%	\$ 6,750,000	NA	NA	

Staff believes that a Modified Dutch Auction creates the necessary transparency to establish a market clearing price while also incentivizing TPOs to maximize their Discount Rate bid. Staff intends to set a reserve/minimum Discount Rate in order to ensure the buy-out appropriately compensates the Green Bank for the performance risk transference. As PBI payments are based upon actual per kwh generation of a given system, the Green Bank, in settling the PBI payments today could be doing so at a rate that potentially over-compensates the TPOs should their systems underperform relative to the estimates that are the basis for the early termination payments. As such, there will be a historical performance requirement to ensure there is no cherry picking of systems. Moreover, the Discount Rate needs to be high enough to mitigate the risk of underperformance. For example, if all the bidders bid below 3%, staff would likely deem the buy-out not advantageous enough to proceed given the performance risk transference to the Green Bank as well as administrative and execution costs. Before the start of the auction, the Green Bank may, in its discretion, make available to participants the Green Bank's good faith judgment of the range of likely clearing Discount Rates for the auction based on market and other information. This is typically referred to as "Price Talk" in securities auctions. Price Talk is not a guarantee, and participants are free to use it or ignore it.

Proposal

Staff proposes that the Board authorize the allocation and use of up to \$5,000,000 of unrestricted Green Bank funds to buy-out PBI obligations. This amount represents approximately 25% of the total estimated outstanding PBI obligations², and staff believes its scarcity may result in higher bids in a competitive auction process. The \$5,000,000 may not be fully utilized; if bids from TPOs are insufficient to make the buy-out worthwhile, staff will elect to deploy a smaller amount of capital to purchase PBI obligations (e.g., only those bids higher than a TBD minimum rate).

Staff also requests authorization to conduct a Modified Dutch Auction in which the primary variable is the Discount Rate used to calculate the present value of the PBI cash flows associated with the eligible systems (or subset of eligible systems). The Green Bank will reserve the right not to proceed with any or all of the participants if it is deemed that the proposed buy-out discounts are insufficient to cover the administrative and transaction costs as well as the additional performance risk being assumed by the Green Bank.

² As of 1/1/2017 for systems generating by 12/31/2015

RESOLUTIONS

WHEREAS, the Green Bank designed and implemented a Residential Solar Photovoltaic Investment Program (“RSIP”) to achieve a minimum of three hundred (300) megawatts of new residential PV installation in Connecticut before December 31, 2022;

WHEREAS, pursuant to Section 106 of the Act, the Green Bank offers direct financial incentives, in the form of performance-based incentives (“PBI”) or expected performance-based buydowns (“EPBB”), for the purchase or lease of qualifying residential solar photovoltaic systems.; and

WHEREAS, the Green Bank seeks to opportunistically reduce some of its obligations under the PBI program by purchasing the obligations at a discount.

NOW, therefore be it:

RESOLVED, that the Green Bank Deployment Committee recommends to the Board of Directors for approval the auction framework as described by staff and consistent with this memorandum dated May 23, 2017.

Submitted by: Bryan Garcia, President and CEO; Bert Hunter, EVP and CIO; Dale Hedman, Managing Director, Statutory & Infrastructure Programs, Ben Healey, Director, Clean Energy Finance; and Michael Yu, Assistant Director, Clean Energy Finance



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Thompson Agricultural Anaerobic Digestion Project

Anaerobic Digestion Pilot Program

Project Update Memo

May 23, 2017



Document Purpose: This document contains background information and due diligence on the Fort Hill Ag-Grid AD facility and the stakeholders involved, including Fort Hill Farms (multi-generation family owned and operated farm), Ag-Grid Energy LLC, developer and Fort Hill Ag-Grid LLC, a special purpose entity created for the sole purpose of this project. This information is provided to the Deployment Committee for the purposes of reviewing a Project Update Memo.

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

Project Update Memo

To: Green Bank Deployment Committee

From: Dale Hedman (Managing Director of Statutory and Infrastructure Programs), Rick Ross (Associate Director of Statutory and Infrastructure Programs) and Chris Magalhaes (Assistant Director of Finance)

CC: Bryan Garcia (CEO), Bert Hunter (CIO), and Brian Farnen (CLO)

Date: May 23, 2017

Re: Proposal for Sub-Debt Loan for Fort Hill Ag-Grid AD Facility – Update Memo

Project Summary

The Connecticut Green Bank (“Green Bank”) has received a project proposal from a special purpose entity (SPE), wholly owned by both Fort Hill Farms and Ag-Grid Energy LLC (“Fort Hill Ag-Grid, LLC”), for a 450 kW anaerobic digestion facility to be built on the property at 260 Quaddick Road, Thompson CT (the “Project”), under the statutorily mandated Anaerobic Digestion Pilot Program, as defined in PA 11-80, Section 103 and amended by PA 15-152. This program is a key component of the Green Bank’s comprehensive plan and budget for FY 2017 thru FY 2018.

Fort Hill Farms currently has over 390 cows, 200 milking, and is part of dairy farm cooperative named The Farmer’s Cow, which supplies products to both large, big box groceries and local markets¹. The farm has been regarded as “Best in New England” by Yankee Magazine, named Connecticut Tourism Ambassadors, and in 2013 was the first ever winner of Thompson’s “Business of the Year” Award². Ag-Grid Energy LLC is a project developer focused on anaerobic digestion technology, and with experience developing projects on dairy farms including a 300 cow farm and a 150 cow farm both located in Massachusetts³.

The Project will process manure from the farm, along with additional outside food waste, and will produce electricity, heat, and enriched organic byproducts, which will deliver direct energy savings to Fort Hill Farms and will provide value streams to Fort Hill Ag-Grid, LLC that will be monetized into cash flows for system and capital cost repayments.

Green Bank staff intends to follow up on this Project Update Memo with a request to the Green Bank Deployment Committee for approval of a [REDACTED] project loan, borrowed at the Fort Hill Ag-Grid, LLC SPE level, to finance approximately 20% of the Project and as part of a multi-stakeholder capital stack. If approved, the Green Bank loan would be advanced upon commercial operations, expected to be June 2018, following a 9 month construction period.

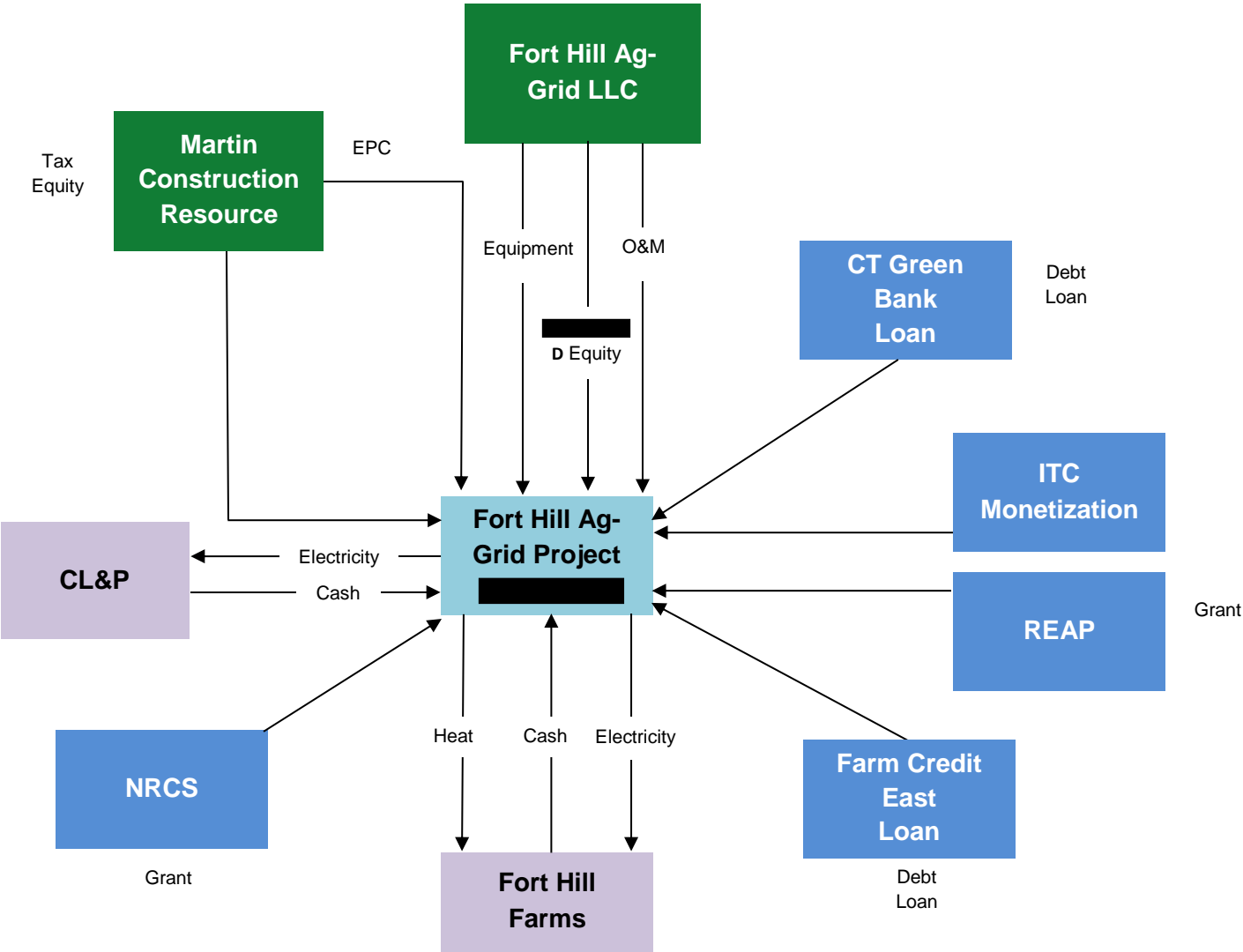
¹ Fort Hill Farms, <http://forthillfarms.com/about-fhf/our-history/>, (May 20, 2017).

² Ibid.

³ AG Grid Energy, <http://aggridenergy.com/our-projects/>, (May 20, 2017).

Project Funding Sources

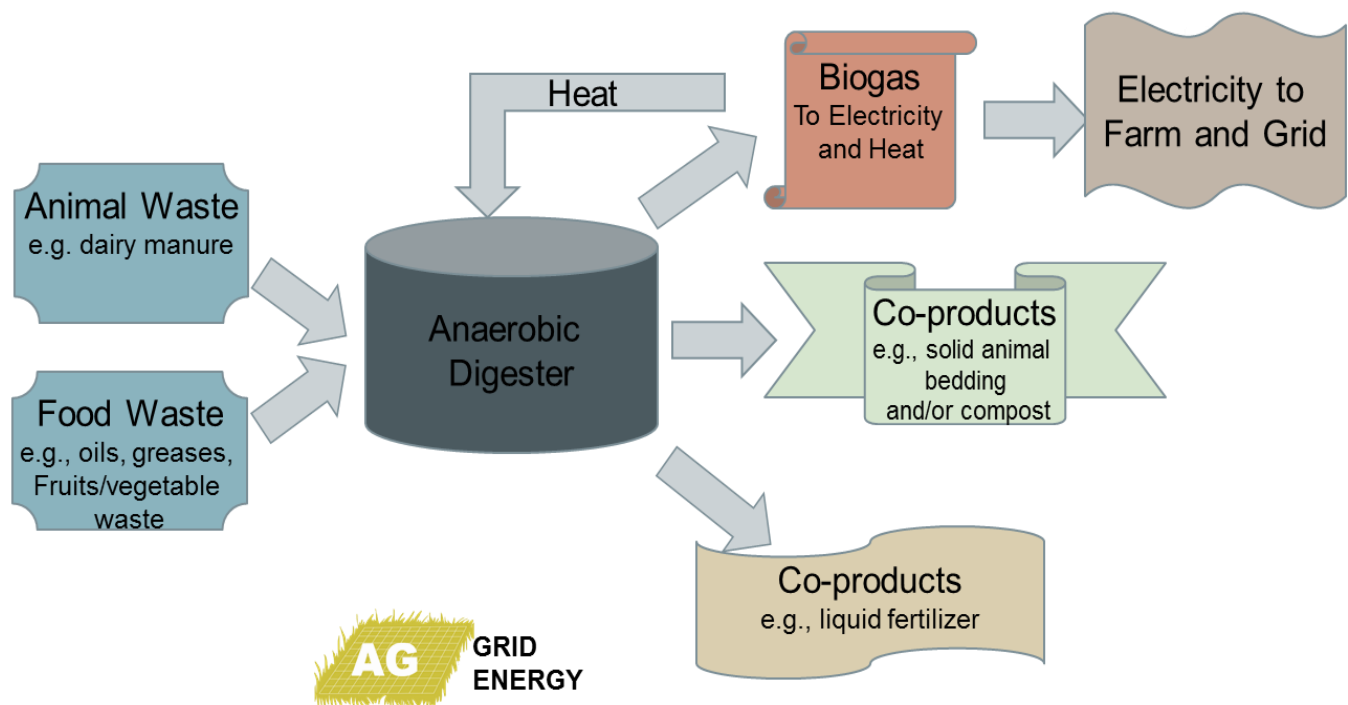
The Project is expected to have a capital cost of approximately [REDACTED], including fees and contingency. Martin Energy Group Services, LLC (“MEGS”), a development and construction firm which has packaged and installed over four hundred gaseous-fueled engines in the United States, will provide both the EPC and tax equity for the Project. Collectively Fort Hill Farms and Ag-Grid Energy LLC have combined for a [REDACTED] investment to safe harbor the ITC at the end of 2016, which, along with securing the main value driver for the tax equity investor’s participation, will account for the sponsor equity investment. In addition, the Project has applied for both a USDA Natural Resources Conservation Services (NRCS) grant of [REDACTED] and a Renewable Energy for America Program (REAP) grant of [REDACTED], which are expected to be decided upon by June 2017. The remainder of Project costs will be covered by debt, with Farm Credit East Bank having signed a conditional term sheet to provide senior debt of [REDACTED] contingent on the Green Bank providing a subordinated loan.



Project Details

The digester to be used on Fort Hill Farms will be a co-digester, able to take animal waste, cow manure in this case, as well as organic food waste. This waste is pumped into the tank of the anaerobic digester (AD) where the manure and food waste are continuously mixed for 3-4 weeks of residence time. The digester produces a substance called digestate, of which the solid form is used by the farm as animal bedding and the liquid form as fertilizer for the crops. The biogas generated in the digester tank is then converted into electricity to be used on the farm and the excess electricity sold to the utility grid.

Simplified Concept of Belden Ag-Grid Anaerobic Digester System



The Fort Hill Ag-Grid, LLC business plan involves receiving organic food waste, in a processed slurry form acceptable by the digester, providing an opportunity to large food manufacturers, local companies, or universities to dispose of their waste in compliance with Connecticut's new recycling laws. The new Connecticut statute for recycling of source-separated organic materials states that if you are a large food waste generator with a projected annual volume of 104 or more tons per year (greater than 2 tons per week) of source separated organic material, and you are located within 20 miles of a permitted recycling facility that can accept that material, then you must ensure that those materials are recycled. In 2020, the projected annual volume triggering regulation decreases to 52 tons per year. Existing market reports suggest that a number of commercial businesses find it difficult to dispose of the food waste generated. Consequently, a large amount of food waste is either not getting recycled or is being hauled to states not yet affected by a food waste ban (i.e. Pennsylvania) and dumped in landfills. The Project will provide an option to nearby producers of food waste to not

only meet the recycling requirements but also convert the food waste into useful clean renewable energy. Additionally, these large food waste generators can promote their business through advertisement, conveying the environmentally friendly nature of their food waste disposal procedures as well as the resulting production of clean energy.

Raw Materials and Revenue Sources

The input raw materials for the anaerobic digester are cow manure and organic food waste. The outputs of the digester are digestate and electricity. Project revenue comes from the tipping fees for recycling the organic food waste as well as sales from the excess electricity generated by the plant. In addition, the Class I, Renewable Energy Credits (REC) can be sold to generate additional revenue.

Cow Manure: The cow manure is generated at the Fort Hill Farm, where the digester is situated. Fort Hill Farm has 200 cows onsite currently and hopes to grow the operation to 350 cows in the next 5 years. The farm estimates that the dairy cow manure produced on the farm is about 10 tons/day. Including the wash water from the milking parlor, the total amount of manure-related material to be treated by the AD system is estimated to be 15 tons/day, or roughly 5,500 tons/year. Assuming growth in the next few years this number would grow to 30+ tons/day or 11,000 to 12,000 tons/year.

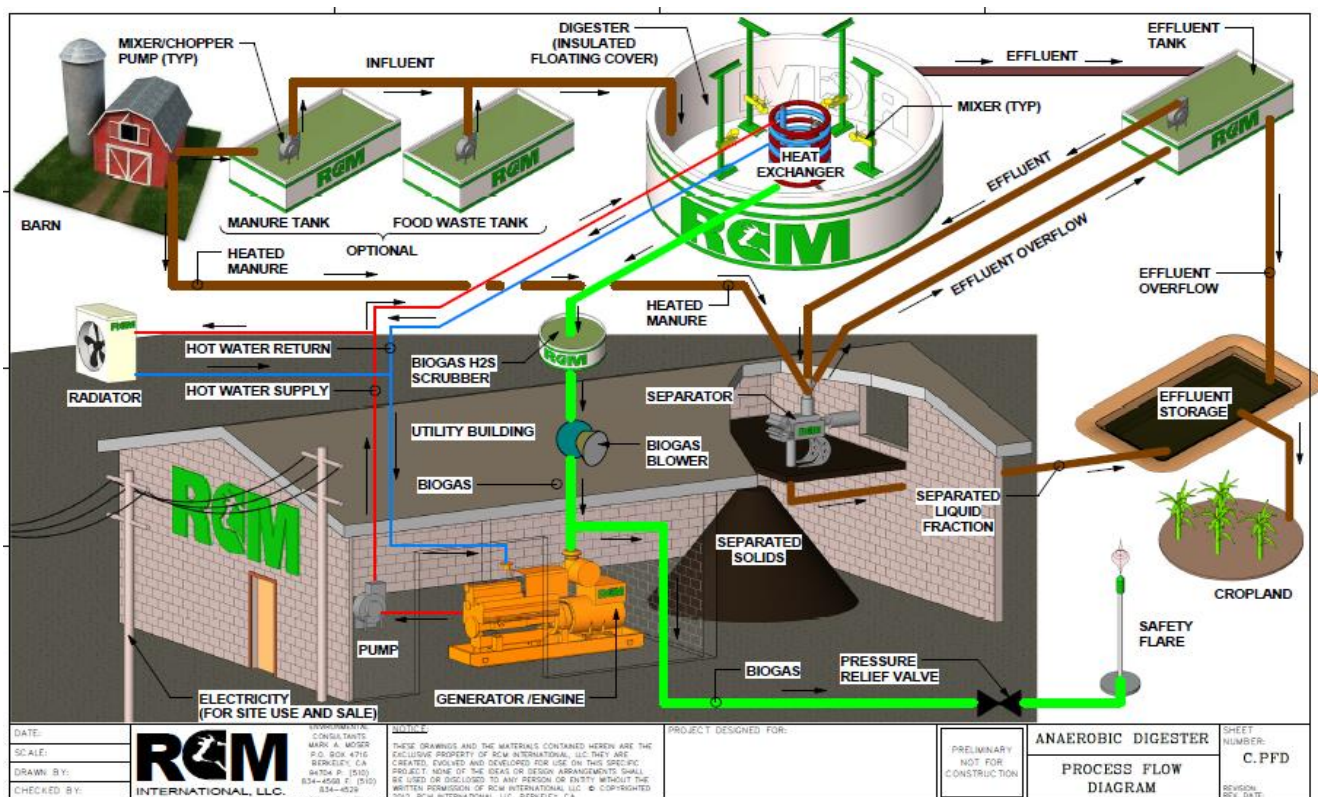
Food Waste: Based on the design of the anaerobic digester, 28 trucks each carrying 6000 gallons of food waste can be processed by the digester each week. Based on these assumptions Fort Hill Ag-Grid, LLC estimates 8.7 million gallons or ~30,000 tons per year of food waste can be recycled by the AD system along with the manure from the farm. Fort Hill Ag-Grid, LLC will receive a tipping fee for taking in the organic waste. This is one of the significant revenue streams for the project.

The liquid food waste and cow manure will be converted into electricity for use on the farm with the excess electricity being sold back to the utility grid. It is estimated that the 450 kW AD system will produce approximately 3.5 million kWh/year of electricity, of which ~200,000 kWh will be consumed at Fort Hill Farms. The remaining 3.1 million kWh of electricity will be fed back into the grid. If the Project is eventually accepted into the agricultural VNM pool, it will allow Fort Hill Ag-Grid, LLC to be able to put in place long term power purchase agreements (PPA's). These PPA contracts will only bolster the projects economics by securing the revenue stream over a longer period of time.

Item	Fort Hill Farms Summary	Waste Quantity
Milk Cows (existing)	200 cows	3,830 gal/day (15.3 ton/day)
Milk Cows (5 yr. expansion plan)	150 cows	2,870 gal/day (11.5 tons/day)
Dry Cows	96 cows	1,000 gal/day (4 ton/day)
Replacements	100 cows	400 gal/day (1.6 ton/day)
Process Water		3,500 gal/day (14 ton/day)
Food Waste	2-3 truckloads each day	<u>18,000 gal/day (72 ton/day)</u>
TOTAL		29,600 gal/day (118.4 ton/day)

Fort Hill Ag-Grid, LLC believes that the potential demand for anaerobic digestion could grow significantly in the coming years. Connecticut is 1 of 4 New England states along with Vermont, Massachusetts, and Rhode Island currently banning commercial food waste from landfills; however, it could soon become a national trend. If so, more and more states will be less willing to accept food waste from other states, including Connecticut, driving up demand for sites that can recycle organic food waste. These 3 states are a bit ahead of Connecticut all have successful digester programs in place. With fewer landfills and waste management facilities to dispose of their excess food waste, commercial food waste producers will need to develop alternative disposal mechanisms. The anaerobic digester at Fort Hill Farms acts as a beneficial substitute to traditional practices like incineration by giving businesses a green, environmentally friendly option to recycle their waste.

The Technology



This application will have an engine-generator rated at 450 kW. A heated complete mix digester will be fed by a new manure transfer system that will incorporate the existing manure collection system as much as possible. The manure and food waste mixture reaching the digester is expected to be 8-10 % total solids. The hydraulic retention time of the digester will be between 22-30 days.

The digester will be a complete mix round concrete tank digester, tank volume is 750,000 gallons measuring 90' in diameter with a depth of 18'. The tank will be partially buried. This unit is similar to

other operating MEGS systems in the US. MEGS purchased RCM International in 2016, supplier of approximately 80% of all agricultural digesters built in the US. The digester cover will be an inflated high-density polyethylene (HDPE) top.

Digester effluent will flow through an effluent tank and then be pumped to a solids separation system. Separated liquid will flow to the existing manure storage. Separated solids will be stacked in a covered solids stacking area where it will be dried and used for cow bedding.

The biogas collected from the digester will be piped underground from the pipe chase to the engine room, to be located near the existing electrical service entry point or the milking parlor. The biogas will be metered, pressurized, and pumped to a natural gas engine-generator, modified to utilize biogas.

Hot water will be recovered from the engine cooling jacket and exhaust, and circulated to a heat exchanger to heat the digester. A portion of the engine cooling water will be available for hot water heating should the dairy need additional hot water.

Engine-generator will be procured from MEGS. At the time of this application a Guascor engine with a 450 kW generator nameplate rating has been selected for the project.

System Parameters

MCR digester type	Heated complete mix
Digester volume	750,000 gal
Feedstock reception tank 3 day holding capacity	54,000 gal
Manure reception tanks 1 day holding capacity	12,000 gal
Solid separator unit	Doda Screw Press separator
Engine	Martin Energy Group – Guascor 1200 rpm SFGLD 360
Generator	Martin Energy Group – Stamford model with 450 kW output



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Memo

To: Connecticut Green Bank Board of Directors

From: Kim Stevenson, Associate Director, Multifamily Programs

Cc: Bryan Garcia, President and CEO; Bert Hunter, EVP and CIO; Brian Farnen, General Counsel and CLO; Eric Shrago, Director of Operations; George Bellas, VP Finance and Administration; Kerry O'Neill, Vice President of Residential Programs, John D'Agostino, Associate Director, Multifamily Programs

Date: May 30, 2017

Re: \$1,500,000 Green Bank Multifamily EnergizeCT Health and Safety Revolving Loan Fund

Background

On January 23, 2015, the Connecticut Green Bank (the "Green Bank") Board of Directors (the "Board") approved a Program Related Investment ("PRI")¹ in the amount of \$5,000,000 from the John D. and Catherine T. MacArthur Foundation ("MacArthur") to support the Green Bank's efforts to accelerate energy efficiency and clean energy upgrades in affordable multifamily properties across the state of Connecticut as outlined in the proposal presented by the Green Bank to MacArthur ("MacArthur Proposal"). The proposal is presented as Exhibit A.

Due to state contracting compliance challenges with MacArthur, on December 18th, 2015, the Board approved the Housing Development Fund ("HDF") as a third-party receiver and administrator of the MacArthur funds due to HDF's shared programmatic goals and experience in the state's affordable multifamily housing sector (see Exhibit B).

On January 23, 2017, the Board further approved a *Catalyst Fund Pilot Program* ("Pilot Program"), to provide \$1.5M in gap funding in the form of loans to enable implementation of energy improvement projects for affordable property owners unable to secure adequate funding through traditional financing programs. The Pilot Program provides financing for properties that present complex financing and technical/energy issues that the Green Bank, given its expertise, is uniquely qualified to evaluate and underwrite, but traditional funders are less well equipped to consider and address (see Exhibit C).

¹ Program Related Investments (PRIs) are investments made by foundations to support social welfare activities that involve the return of capital within an established timeframe. PRIs include financing methods commonly associated with banks or other private investors, such as loans, loan guarantees, linked deposits, and even equity investments in charitable organizations or in commercial ventures, with concessionary rates and terms.

At present, other than limited resources available to households receiving federal weatherization assistance and limited allocations in existing clean energy financing products, and limited pilot amounts available through utility-administered energy efficiency programs, there is no Connecticut public agency or non-profit organization providing substantive resources to specifically address these energy-related challenges faced by multifamily properties serving low and moderate income residents, especially those that DO NOT receive support from the competitive programs at HUD, DOH and CHFA. The Connecticut Department of Energy and Environmental Protection (DEEP's) 2013 Comprehensive Energy Strategy and the 2014 report of the Department of Public Health highlights this funding gap as a significant barrier to energy upgrades in the state. DEEP requires that weatherization professionals implementing the federal weatherization assistance program and weatherization professionals implementing the current utility-administered Electricity and Natural Gas Conservation and Load Management Plan collect data on homes identified as needing to be deferred from weatherization until health and safety concerns are addressed.

The Green Bank is working to help fill some of these gaps in our multifamily programs through the MacArthur PRI funds and the Catalyst Fund Pilot Program, but additional resources are needed to have substantive impact on the residential market.

Given the Green Bank's growing expertise and capacity in financing energy and energy-related health and safety improvements as well as the significant need in the residential market for resources to remediate energy related health and safety barriers, and given available Regional Green House Gas Initiative ("RGGI") funds at DEEP, DEEP believes it is most prudent to have the Green Bank receive and manage these RGGI funds for the purpose of funding remediation of energy related health and safety barriers in residential housing through a program titled EnergizeCT Health and Safety Revolving Loan Fund ("H&S Fund").

Proposal

The Green Bank staff and DEEP staff are jointly developing an EnergizeCT Health and Safety Revolving Loan Agreement ("Agreement") whereby the Green Bank shall establish a revolving loan fund ("the EnergizeCT Health and Safety Revolving Loan Fund") using \$1.5 million of Regional Greenhouse Gas Initiative (RGGI) dollars from the Department of Energy & Environmental Protection (DEEP) to support owners of residential properties that house low and moderate income residents to cover the costs of remediating health and safety issues that must be addressed in conjunction with implementation of energy efficiency upgrades (The final Agreement, to be executed by DEEP and Green Bank, shall be materially similar to the document in Exhibit D).

The Green Bank will establish and administer this fund to be used in conjunction with its other residential financing products administered by Green Bank staff and program service providers, as well as other energy efficiency programs administered by CT's major energy utilities

The EnergizeCT Health and Safety Revolving Loan Fund will be established as a revolving loan fund for residential properties with households at or below 80% of area median income.

On an exception basis, if a single-family property serves a household at 60% of state median income or below, or a multi-family property serves at least 60% of its households at 80% of area median income or below, then up to 25% of the H&S Fund amount may be granted, conditional upon completion of the remedial work. Further, additional amounts (above 25%) may be granted on an exception basis for properties owned by non-profits, state and federally funded housing authorities, co-operatives and condominium complexes, based on the needs and financial strength of the property.

Before distribution of the H&S funds, the Green Bank shall seek and receive DEEP approval of the program underwriting guidelines, terms, and conditions and shall provide documentation that a dedicated accounting process is in place to manage the revolving fund. These underwriting guidelines, terms and conditions will be directionally similar to guidelines developed and approved by the Board for the Catalyst Fund Pilot Program. They will be designed so that the H&S funds augment and can be easily woven into current Green Bank loan programs as well as utility incentive programs, including those under the joint EnergizeCT Multifamily Initiative. (It is the intent of staff to bring these program guidelines to the Board for approval at the June Board Meeting.)

It is Green Bank's intention to use and develop these funds for our multifamily programs. We may consider program development for our single-family programs at a future date and will bring back such program expansion for approval at a later date.

Further, development and deployment of the H&S Fund shall help inform the design of future scalable programs that can effectively address energy-related challenges faced by residential properties across the state.

These funds are restricted for the containment and remediation of health and safety conditions that prevent completion of clean energy improvements at residential properties and the revolved funds remain with the Green Bank in perpetuity.

The full \$1.5 million will be drawn down by the Green Bank upon signing the Agreement. Any EnergizeCT Health and Safety Revolving Loan Fund capital not deployed at least once by June 30, 2022 by the Green Bank will be returned to DEEP.

Resolutions

WHEREAS, the Connecticut Green Bank (“Green Bank”) actively seeks to deploy private capital investment toward clean energy improvements in the state’s multifamily housing which in some cases have preexisting health and safety issues that are preventing opportunities for clean energy improvements to be made;

WHEREAS, the definition of “clean energy” per the Green Bank’s enabling statute set forth at C.G.S. 16-45n includes renewable energy technologies as well as “financing of energy efficiency projects,” but does not include health and safety;

WHEREAS, the Green Bank’s enabling statute provides that the Green Bank may make “expenditures that promote investment in clean energy in accordance with a comprehensive plan developed by it to foster the growth, development, and commercialization of clean energy sources,” and that “such expenditures may include, but not be limited to...the implementation of the plan developed pursuant to ... this section”;

WHEREAS, the Green Bank Comprehensive Plan approved by the Board of Directors on July 22, 2016 acknowledges the need to mitigate health and safety issues that act as barriers to realizing clean energy investments opportunities; the Comprehensive Plan also notes that the goals of the Green Bank are to support the implementation of Connecticut’s clean energy policies be they statutory (i.e., PA 15-194), planning (i.e., Comprehensive Energy Strategy, Integrated Resources Plan), or regulatory in nature;

WHEREAS, the Connecticut Department of Energy and Environmental Protection (DEEP’s) 2013 Comprehensive Energy Strategy and the 2014 report of the Connecticut Department of Public Health highlights a funding gap for health and safety remediation as a significant barrier to energy upgrades in the state.

WHEREAS, Green Bank staff has developed expertise and programmatic capacity in deploying funds to remove health and safety barriers to realize clean energy improvements at multifamily properties consistent with the Green Bank’s enabling statute through its current multifamily programs and program partnerships;

WHEREAS, Green Bank staff is now requesting approval to receive and administer \$1.5 million in Regional Greenhouse Gas Initiative funds from DEEP for the purpose of funding remediation of energy related health and safety barriers in residential housing through a program titled EnergizeCT Health and Safety Revolving Loan Fund (“H&S Fund”).

NOW, therefore be it:

RESOLVED, that the Board authorizes approval to receive and administer \$1.5 million in Regional Greenhouse Gas Initiative funds DEEP for the purpose of funding remediation of energy related health and safety barriers in residential housing through the H&S Fund,

RESOLVED, that programmatic terms and conditions for distribution of these funds will be brought to the Board for approval at a future date and will be directionally consistent with the guidelines and memorandum dated January 13, 2017 regarding the H&S Fund and associated exhibits submitted to the Board; and

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

Submitted by: Bryan Garcia, President and CEO; Bert Hunter, EVP and CIO; Kerry O'Neill, Vice President, Residential Programs; Kim Stevenson, Associate Director, Multifamily Programs; and John D'Agostino, Associate Director, Multifamily Programs.



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Exhibit A

Memo

To: Connecticut Green Bank Board of Directors

From: Ben Healey, Assistant Director

Cc: Bryan Garcia, President and CEO; Bert Hunter, EVP and CIO; Brian Farnen, General Counsel and CLO; Mackey Dykes, COO; George Bellas, VP Finance and Administration; Kerry O'Neill, Director of Residential Programs; Kim Stevenson, Associate Director of Multifamily Programs

Date: January 16, 2015

Re: \$5,000,000 Program Related Investment from the MacArthur Foundation

Background

On June 30, 2014, the Connecticut Green Bank ("Green Bank") sent a proposal to the John D. and Catherine T. MacArthur Foundation ("MacArthur") for a Program Related Investment ("PRI")¹ in the amount of \$5,000,000 to support our efforts to drive clean energy deployment in affordable multifamily properties across the state. This sector is a priority for the Green Bank, as the affordable portion of the state's housing stock, defined as units housing families who earn 80% of area median income or below, represents about 507,000 units, or 34% of CT's total housing units. Properties with low-income residents run the gamut from single-family owner-occupied homes to small and large investor-owned buildings. However, across the board, affordable housing in CT suffers from years of deferred maintenance, as well as a lack of public investment under prior administrations, now changing under Governor Malloy. Many owners in the affordable multifamily market (whether naturally occurring or subsidized) are less sophisticated and much more stretched than is true of owners in the traditional commercial and industrial market. Consequently, developing energy upgrade projects to a point where they are ready for financing is a huge challenge and requires significant technical support to owners.

Despite the challenges in addressing this sector, the fact is that low-income residents bear a brutal utility cost burden, and so it is critical that Green Bank-supported programs target affordable properties in order to lower total energy/operating costs and tenant utility costs for those for whom these expenses are hardest to bear. Furthermore, in order to maximize the benefits of our programs,

¹ Program Related Investments (PRIs) are investments made by foundations to support social welfare activities that involve the return of capital within an established timeframe. PRIs include financing methods commonly associated with banks or other private investors, such as loans, loan guarantees, linked deposits, and even equity investments in charitable organizations or in commercial ventures, with concessionary rates and terms

the Green Bank seeks to offer comprehensive financing solutions that address deferred maintenance, health and safety, and energy improvements, including both efficiency and clean energy generation, all at the same time.

MacArthur, as one of the nation's largest independent foundations, has a suite of U.S. programs focused on issues that align well with the Green Bank, including both community and economic development writ broadly, as well as housing, with a focus on the preservation of affordable rental housing. Since 1978, MacArthur has paid out \$5.5 billion through nearly 22,000 grants and PRIs to more than 7,900 organizations and individuals in the United States and around the world, with \$228.4 million paid out in 2013 alone.

With respect to its “impact investing” strategy, MacArthur has allocated \$300 million at the foundation level to making investments that advance core programmatic priorities, with a goal of unlocking new, more, and more useful or suitable forms of capital for targeted populations, regions, sectors or markets. Similar to the Green Bank, MacArthur sees a PRI into the affordable multifamily clean energy market as an opportunity to provide a meaningful test-bed for innovation and development – giving new projects and, indeed, an entire sector, the opportunity to demonstrate creditworthiness and value by successfully repaying loans and generating positive financial returns.

Proposal

The Green Bank’s June 30, 2014 proposal to MacArthur is attached to this memo as Exhibit A, but a high-level overview of the Green Bank’s proposed uses of MacArthur funds follows below:

[The Green Bank will create] at least three new, integrated products, to fill gaps that the Green Bank has identified as critical obstacles to advancing energy saving, emissions reducing projects in the multifamily sector:

- (1) *A high risk, revolving predevelopment loan fund to cover the costs of energy opportunity assessments, audits, and project scope definition – the **Energy Opportunity Assessment Loan Fund**;*
- (2) *A loan pool to finance remediation of unfunded health and safety measures (i.e. asbestos, mold, leaking roofs, etc.) that must be addressed before energy improvements can be installed – the **Healthy Homes Loan Fund**; and*
- (3) *Term financing to bridge gaps and provide a lower weighted average cost of capital for viable projects where projected energy savings don’t quite cover financing costs, and which would not otherwise close without additional, subordinate and/or less costly financing – the **Finish Line Loan Fund**.*

MacArthur has since accepted this proposal, indicated the foundation’s eagerness to support the Green Bank’s initiatives in this effort, and given us a draft term sheet for this PRI (see Exhibit B), with a goal of closing in February 2015. Although this term sheet is not yet finalized, the most important terms to the Green Bank are as follows:

- Principal of \$5,000,000, to be drawn in (at least) two separate disbursements
- Interest rate of 1%, to be paid quarterly, with a back-ended amortization in the last four years of the loan
- Tenor of 15 years

- The PRI will be unsecured, but with full recourse to the Green Bank

Given the attractive nature of this financing, and the Green Bank's ability to leverage it alongside the work we already undertake with HDF, we believe that the approach outlined in the section above is both practicable and will lead to programmatic success to support energy upgrade investments in Connecticut's affordable multifamily housing sector.

Resolutions

WHEREAS, the Connecticut Green Bank ("Green Bank") is actively seeking to deploy private capital to support clean energy upgrades in the state's affordable multifamily housing sector;

WHEREAS, the John D. and Catherine T. MacArthur Foundation ("MacArthur") offers concessionary financing in the form of Program Related Investments ("PRIs") to support core social welfare goals;

WHEREAS, Pursuant to Section 16-245n of the Connecticut General Statutes, the Green Bank is authorized to accept both charitable gifts and loans from philanthropic foundations; and

WHEREAS, the Green Bank drafted a proposal to MacArthur dated June 30, 2014, which the latter has accepted, for a \$5,000,000 PRI to support three or more new multifamily clean energy financing programs in Connecticut;

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 accept the MacArthur PRI, and in so doing obligate the Green Bank in a total amount not to exceed \$5,000,000 with terms and conditions consistent with the memorandum and associated exhibits submitted to the Board of Directors dated January 16, 2015, 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 January 23, 2015; and

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

Submitted by: Bryan Garcia, President and CEO; Bert Hunter, EVP and CIO; Ben Healey, Assistant Director



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Exhibit B

Memo

To: Connecticut Green Bank Board of Directors

From: Mariana Trief, Manager, Clean Energy Finance

Cc: Bryan Garcia, President and CEO; Bert Hunter, EVP and CIO; Brian Farnen, General Counsel and CLO; Mackey Dykes, COO; George Bellas, VP Finance and Administration; Kerry O'Neill, Managing Director of Residential Programs; Kim Stevenson, Associate Director of Multifamily Programs; Ben Healey, Director, Clean Energy Finance

Date: December 11, 2015

Re: Green Bank Guaranty and Program Agreement for the Housing Development Fund

Background

On June 30, 2014, the Connecticut Green Bank ("Green Bank") submitted a proposal to the John D. and Catherine T. MacArthur Foundation ("MacArthur") for a Program Related Investment ("PRI") in the amount of \$5,000,000 to support the Green Bank's efforts to accelerate energy efficiency and clean energy upgrades in affordable multifamily properties across the state of Connecticut (see Exhibit A). On January 16, 2015, the Green Bank's Board of Directors authorized the Green Bank to execute and accept the \$5,000,000 MacArthur PRI (see Exhibit B).

Upon the Board of Director's approval, MacArthur and the Green Bank proceeded to finalize documentation and diligence. The two parties, however, were unable to close on a final funding agreement, due to the fact that state contracting rules associated with the Green Bank's quasi-public status include a number of terms that presented compliance challenges for MacArthur as an out-of-state charitable foundation. Nevertheless, both MacArthur and the Green Bank have remained committed to finding a solution to this state contracting challenge, so that the PRI can proceed and MacArthur can support affordable multifamily clean energy efforts throughout Connecticut, both for their own sake and as a model that – through state-based networks and the growing green bank movement – may spread across the country.

HDF Participation and Green Bank Guaranty

As a solution to the standstill with MacArthur with respect to documentation, the Green Bank and MacArthur sought out a third party to receive and administer the MacArthur Funds, with the

goal of sourcing an organization that shares the Green Bank's programmatic goals, has experience in the state's affordable multifamily sector, and maintains a robust and proven lending platform. The Housing Development Fund ("HDF") meets all three criteria, and is already a trusted partner of the Green Bank, having administered the Cozy Home Loan program on the Green Bank's behalf. Additionally, HDF is active in national affordable housing networks.

At this point, the Green Bank and HDF have held multiple discussions, and HDF's Board of Directors has provided preliminary consent to proceed with documentation. The following summarizes the main aspects of the proposed structure:

HDF's responsibilities with respect to the MacArthur PRI would include:

- Receive the \$5 million PRI from MacArthur ("MacArthur Funds") and undertake the obligation to repay MacArthur (i.e. both principal and interest) according to a mutually agreed upon amortization schedule;
- Using MacArthur Funds, provide financing to qualifying owners of eligible multifamily properties ("Program Loans"), according to criteria and terms as determined collaboratively between the Green Bank and HDF and consistent with the original Green Bank proposal to MacArthur; and,
- Approve, administer and service all Program Loans made using MacArthur Funds. This includes underwriting and approving loans consistent with mutually agreeable programmatic guidelines and as sourced by the Green Bank and other channel partners, closing loans, disbursing funds, and managing the servicing of all Program Loans financed using MacArthur Funds.

The Green Bank's main responsibilities would include:

- Provide a guaranty to HDF, in an amount not to exceed \$5,000,000, for all Program Loans made using the MacArthur Funds, and hold HDF harmless for any losses associated with Program Loans;
- Formulate programmatic and underwriting guidelines for the various financing programs to be capitalized using MacArthur Funds, in collaboration with HDF;
- Support HDF in drafting policies and procedures for each program;
- Conduct marketing and serve as a source of origination for each program, both directly and through various channel partners;
- Directly underwrite applications for financing and advise HDF as to each applicant's suitability for financing using MacArthur Funds, in collaboration with HDF and in instances where HDF is not managing the underwriting process; and,
- Support HDF in managing and servicing Program Loans, as necessary and as mutually agreed by HDF and Green Bank.

For its services, the Green Bank would also agree to pay HDF an amount not-to-exceed \$125,000 annually, with the following breakdown of fees: an annual fixed administrative fee set at \$40,000 per annum, a direct pass-through loan servicing fee, carrying costs associated with the interest payments on the PRI due to MacArthur, and HDF's related legal fees (including preparation of all loan documents for loans made using MacArthur funds). To be clear, the

Green Bank would have to directly bear the majority of these expenses (i.e. the carrying costs associated with the MacArthur Funds, Program Loan servicing fees, and legal fees) if we were not to partner with HDF anyway, so the only “additional expense” proposed herein is for HDF administration. From staff’s perspective, this \$40,000 per annum is a good use of funds, given limited internal capacity at the Green Bank to run this program directly.

The Green Bank presented the proposed strategy with HDF to MacArthur on September 30, 2015 (see Exhibit C) and has received preliminary approval from MacArthur’s Investment Committee. The proposed strategy with HDF is set to be formally approved by MacArthur’s Board of Directors in December, 2015.

Strategic Selection

Due to the nature of this engagement with HDF, Green Bank staff believes that the proposed agreement with HDF fits well within the requirements for a Strategic Selection from the Connecticut Green Bank Operating Procedures Section XII:

- Special Capabilities: HDF shares the Green Bank’s programmatic goals at an organizational level, has deep experience in the state’s affordable multifamily sector, and maintains a robust and proven lending platform. Most importantly, HDF is a trusted partner from the MacArthur perspective and has met MacArthur’s diligence criteria to receive these funds.
- Uniqueness: MacArthur has uniquely underwritten HDF to play this role. If we do not proceed with this partner, these funds will not flow into Connecticut.
- Strategic Importance: Mobilizing this low-cost capital from MacArthur is critical to achieving the Green Bank’s goals in the multifamily sector. Staff expects to partner with HDF to deploy MacArthur funds in advancing our predevelopment loan initiatives, in deepening our focus on financing health and safety improvements that are preventing energy upgrades from occurring in affordable multifamily properties, and in lending initiatives with partners where more “patient capital” is required, among other priorities.
- Urgency and Timelines: MacArthur is ready to close and fund this PRI. After the incredibly long lead time associated with this engagement, now is the time to act.
- Multiphase Project: This partnership with HDF will serve as the springboard for not only a significant amount of direct lending, but also for broader initiatives, as this deployment of MacArthur funds will allow the Green Bank to further develop our various programmatic approaches to the challenge of financing energy upgrades in affordable multifamily properties.

Conclusion

Given the attractive nature of the MacArthur PRI, and the Green Bank’s ability to leverage it alongside the work we already undertake with HDF, we believe the approach outlined in this memo is both practicable and will lead to programmatic success as the Green Bank works to further support energy efficiency and clean energy upgrades in Connecticut’s affordable multifamily housing sector. From a capital at risk and programmatic objective perspective, the approach is consistent with the proposal submitted to the Board in January 2015, excepting the strategic collaboration with HDF and the associated, limited administrative expense. Accordingly, staff recommends approval by the Board per the resolutions attached.

Resolutions

WHEREAS, the Connecticut Green Bank (“Green Bank”) is actively seeking to deploy private capital to support clean energy upgrades in the state’s affordable multifamily housing sector;

WHEREAS, the John D. and Catherine T. MacArthur Foundation (“MacArthur”) offers concessionary financing in the form of Program Related Investments (“PRIs”) to support core social welfare goals;

WHEREAS, MacArthur agreed to make a PRI in the amount of \$5,000,000 (the “MacArthur Funds”) to support the Green Bank’s efforts to accelerate energy efficiency and clean energy upgrades in affordable multifamily properties across the state of Connecticut;

WHEREAS, MacArthur selected the Housing Development Fund (“HDF”) to receive and administer the MacArthur Funds;

WHEREAS, the Green Bank proposes to pay HDF an annual amount not-to-exceed \$125,000 on a contracted, renewable basis, which amount shall include an annual fixed administrative fee initially set at \$40,000 per annum, a direct pass-through loan servicing fee, carrying costs associated with interest payments on the PRI due to MacArthur, and related legal fees;

WHEREAS, the Green Bank proposes extending a guaranty (the “Guaranty”), in an amount not to exceed \$5,000,000, to HDF for the purpose of securing loans for energy upgrades and clean energy to affordable multifamily owners made with MacArthur Funds; and

WHEREAS, the proposed Guaranty qualifies as a strategic selection and award pursuant to Green Bank Operating Procedures Section XII due to HDF’s proven experience in the state’s affordable multifamily sector, the organization’s robust and proven lending platform, and MacArthur’s independent selection of HDF as an appropriate recipient of its PRI funds.

NOW, therefore be it:

RESOLVED, that the Green Bank Board of Directors (“Board”) authorizes the President of the Green Bank and any other duly authorized officer of the Green Bank, to pay HDF for its services and execute and deliver the Guaranty materially consistent with the memorandum submitted to the Board dated December 11, 2015, 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; and

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

Submitted by: Bryan Garcia, President and CEO; Bert Hunter, EVP and CIO; Ben Healey, Director, and Mariana Trief, Manager, Clean Energy Finance



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Exhibit C

Memo

To: Connecticut Green Bank Board of Directors

From: John D'Agostino, Senior Manager, Multifamily Programs; Kim Stevenson, Associate Director, Multifamily Programs

Cc: Bryan Garcia, President and CEO; Bert Hunter, EVP and CIO; Brian Farnen, General Counsel and CLO; Eric Shrago, Director of Operations; George Bellas, VP Finance and Administration; Kerry O'Neill, Managing Director of Residential Programs

Date: January 13, 2017

Re: \$1,500,000 Green Bank Multifamily *Catalyst Fund Pilot Program*

Background

On January 23, 2015, the Connecticut Green Bank Board of Directors (the "Board") approved a Program Related Investment ("PRI")¹ in the amount of \$5,000,000 from the John D. and Catherine T. MacArthur Foundation ("MacArthur") to support the Green Bank's efforts to accelerate energy efficiency and clean energy upgrades in affordable multifamily properties across the state of Connecticut as outlined in the proposal presented by the Green Bank to MacArthur ("MacArthur Proposal"). The proposal is presented as Exhibit A. Due to state contracting compliance challenges with MacArthur, on December 18th, 2015, the Board approved the Housing Development Fund ("HDF") as a third-party receiver and administrator of the MacArthur funds due to HDF's shared programmatic goals and experience in the state's affordable multifamily housing sector (see Exhibit B).

Proposal

The Green Bank and HDF have jointly approved term financing for two (2) projects to date², totaling approximately \$2.1M consistent with the MacArthur Proposal. While MacArthur financing will continue to support energy upgrades for affordable multifamily properties, the Green Bank's Multifamily Program has identified the need for additional funding sources to support properties seeking to implement substantive energy improvements for low and moderate income

¹ Program Related Investments (PRIs) are investments made by foundations to support social welfare activities that involve the return of capital within an established timeframe. PRIs include financing methods commonly associated with banks or other private investors, such as loans, loan guarantees, linked deposits, and even equity investments in charitable organizations or in commercial ventures, with concessionary rates and terms

² One of which is approved on a preliminary basis

properties that present a spectrum of complex financial, health and safety challenges beyond the scope of HDF's core financing expertise.

To address this complex market need, Green Bank staff is seeking Board authorization for a *Catalyst Fund Pilot Program* ("Pilot Program"), which would provide \$1.5M in gap funding in the form of loans to enable implementation of energy improvement projects for affordable property owners unable to secure adequate funding through traditional financing programs. The Pilot Program will provide financing for properties that present complex financing and technical/energy issues that the Green Bank, given its expertise, is uniquely qualified to evaluate and underwrite, but traditional funders are less well equipped to consider and address.

At present, there is no Connecticut public agency or non-profit organization providing ongoing, dedicated resources to address the energy-related challenges faced by multifamily properties serving low income residents, especially for multifamily properties that do not receive support from the competitive programs at the Department of Housing and Urban Development ("HUD"), Department of Housing ("DOH") and the Connecticut Housing Finance Authority ("CHFA"). The Connecticut Department of Energy and Environmental Protection's ("DEEP")'s forthcoming Comprehensive Energy Strategy highlights this funding gap as a significant barrier to energy upgrades in the state³.

Pilot Program-financed projects will be required to meet Program and Underwriting Guidelines as described in greater detail in the Appendix and summarized below.

- The Pilot Program will provide term financing for the implementation of qualifying energy improvements and remediation of prohibitive, preceding health and safety ("H&S") measures, as outlined in guidelines in Attachment A of the Appendix.
- H&S measures directly impeding energy improvements, identified through an opportunity assessment, energy audit, or other physical or capital needs assessment, will be eligible for financing through the Pilot Program as follows:
 - Properties with H&S implementation costs funded through the Pilot Program that represent **less than 50% of the total project cost**⁴ ("Category 1 Properties") will be eligible for funding through the Pilot Program subject to the terms and guidelines in Attachment A, which corresponds closely to the original HDF/MacArthur financing term sheet already in effect.
 - Properties with H&S implementation costs funded through the Pilot Program that represent **50% or more of the total project cost but no greater than 75%** ("Category 2 Properties") will be eligible for funding subject to the terms and guidelines outlined in Attachment A, along with additional guidelines outlined in Attachment B, **designed to ensure that a) H&S remediation will**

³ Based on discussions with Diane Duva at DEEP. 2016-2018 CES not public yet.

⁴ "Total project cost" is defined as all costs necessary to implement an energy project and generally includes pre-development costs, financing costs, energy measures, remediation of H&S obstacles, commissioning, and post-implementation monitoring and verification.

lead to significant energy improvements and b) there is either ratepayer⁵ or non-ratepayer⁶ funding committed for the implementation of energy improvements.

In addition to funding substantive energy improvements for properties that provide housing to low and moderate income residents, the Pilot Program will help inform the design of scalable programs that can effectively address energy-related challenges faced by affordable multifamily properties across the state.

⁵ Pursuant to CT Gen Stat § 16-245n(c), the Connecticut Green Bank administers the Clean Energy Fund on behalf of Connecticut ratepayers. Ratepayer funded programs also include utility incentives and rebates.

⁶ Including, but not limited to property operating reserves, contributions as well as loans from individuals, corporations, university endowments and philanthropic foundations, charitable gifts, grants.

Resolutions

WHEREAS, the Connecticut Green Bank (“Green Bank”) actively seeks to deploy private capital investment toward clean energy improvements in the state’s multifamily housing which in some cases have preexisting health and safety issues that are preventing opportunities for clean energy improvements to be made;

WHEREAS, the definition of “clean energy” per the Green Bank’s enabling statute set forth at C.G.S. 16-45n includes renewable energy technologies as well as “financing of energy efficiency projects,” but does not include health and safety;

WHEREAS, the Green Bank’s enabling statute provides that the Green Bank may make “expenditures that promote investment in clean energy in accordance with a comprehensive plan developed by it to foster the growth, development, and commercialization of clean energy sources,” and that “such expenditures may include, but not be limited to...the implementation of the plan developed pursuant to ... this section”;

WHEREAS, the Green Bank Comprehensive Plan approved by the Board of Directors on July 22, 2016 provides guidance on mitigating health and safety issues that act as barriers to realizing clean energy investments opportunities to make in its executive summary, goals, evaluation framework, and residential sector sections; the Comprehensive Plan also notes that the goals of the Green Bank are to support the implementation of Connecticut’s clean energy policies be they statutory (i.e., PA 15-194), planning (i.e., Comprehensive Energy Strategy, Integrated Resources Plan), or regulatory in nature;

WHEREAS, the 2013 Comprehensive Energy Strategy for Connecticut released by the Connecticut Department of Energy and Environmental Protection recognizes that health and safety issues are a barrier to clean energy improvements;

WHEREAS, Green Bank staff has developed guidelines for how the Green Bank shall make loan investments to remove health and safety barriers to realize clean energy improvements at multifamily properties consistent with the Green Bank’s enabling statute;

WHEREAS, the Green Bank Board of Directors (the “Board”) has previously approved a Program Related Investment (“PRI”) in the amount of \$5,000,000 from the John D. and Catherine T. MacArthur Foundation (“MacArthur”) to support the Green Bank’s efforts to accelerate energy efficiency and clean energy upgrades in multifamily properties across the state of Connecticut as outlined in the proposal presented by the Green Bank to MacArthur;

WHEREAS, MacArthur later selected the Housing Development Fund (“HDF”) to receive and administer the MacArthur PRI;

WHEREAS, Green Bank staff is now requesting a reallocation of \$1,500,000 from the Statutory and Infrastructure Sector (\$1,000,000 from Anaerobic Digester Projects and \$500,000 from MicroGrids) to support a pilot program providing term financing for energy and related health and safety improvements (“Pilot Program”).

NOW, therefore be it:

RESOLVED, that the Board authorizes additional funding from the Green Bank's balance sheet through a reallocation from the Statutory and Infrastructure Sector, in an amount not to exceed \$1,500,000, for the Pilot Program with terms and conditions consistent with the guidelines and memorandum dated January 13, 2017 and associated exhibits submitted to the Board; and

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

Submitted by: Bryan Garcia, President and CEO; Bert Hunter, EVP and CIO; Kerry O'Neill, Managing Director, Residential Programs; Kim Stevenson, Associate Director, Multifamily Programs; and John D'Agostino, Senior Manager, Multifamily Programs.

Appendix

CT Green Bank Multifamily Programs

Catalyst Fund Pilot Program

Program and Underwriting Guidelines

Program Goals and Purpose:

The Multifamily Program has identified lack of sufficient funding available to implement substantive energy improvements for low and moderate income properties that present a spectrum of complex financial, health and safety challenges. The Connecticut Green Bank's *Catalyst Fund Pilot Program* ("Pilot Program") provides gap funding, in the form of loans, that enable implementation of energy improvements for owners unable to secure adequate funding from other sources. Pilot Program-funded projects will be required to meet Program and Underwriting Guidelines as described below.

Participating Pilot Program properties will be those with high energy burdens and operating costs. They may present a multitude of challenges, including energy-related health and safety (H&S) issues, that must be addressed before implementing energy measures.

The Green Bank Multifamily team has deep expertise in affordable multifamily housing development, energy systems analysis, building science and finance, and has become the go-to resource for multifamily energy underwriting for state agencies and institutions such as the Department of Housing (DOH) and Connecticut Housing Financing Authority (CHFA). The Multifamily Program expects that participating properties will present complex financing and technical/energy issues for which the Green Bank, given its expertise, is uniquely qualified to evaluate and underwrite, but traditional funders are ill equipped to effectively evaluate and address.

Such challenges include, but are not limited to:

- *Properties serving low income tenants are up to 5 times more energy-use intensive than average benchmarks for similar property types. Further, the US Department of Housing and Urban Development (HUD) spends nearly 23 percent of this budget—over \$1.5 billion (nationally) — on utilities to heat, cool, power and provide water for public housing units.⁷ Public and affordable/low-income properties present significant opportunities for energy savings⁸.*

⁷ US Department of Housing and Urban Development: Benchmarking Utility Usage in Public Housing, 2007 Report

⁸ <http://www.energyefficiencyforall.org/potential-energy-savings>

- *Based on multifamily Home Energy Solutions contractor reports, utility program administrators estimate that 20-40% of units cannot be served for energy efficiency/weatherization due to H&S issues⁹.*
- *Representative H&S improvements necessary to implement clean energy measures include:*
 - *Pre-installation of high-efficiency heating systems – asbestos remediation/removal;*
 - *Pre-weatherization/air and duct sealing – mold, moisture or lead remediation;*
 - *Pre-insulation – knob and tube wiring, roof leak repair, asbestos remediation; and*
 - *Pre-installation of high efficiency windows – lead remediation/removal.*

At present, there is no Connecticut public agency or non-profit organization providing substantive resources to address these energy-related challenges faced by multifamily properties serving low and moderate income residents, especially those that DO NOT receive support from the competitive programs at HUD, DOH and CHFA. DEEP's forthcoming Comprehensive Energy Strategy highlights this funding gap as a significant barrier to energy upgrades in the state¹⁰.

The Pilot Program will help inform the design of scalable programs that can effectively address energy-related challenges faced by affordable multifamily properties in the state.

Pilot Program and Underwriting Guidelines:

These guidelines apply to term financing for the implementation of energy improvements. The Multifamily team expects that a number of these properties may have H&S issues that must be addressed before implementing energy measures. Program guidelines for Pilot Program funding applies based on the severity of necessary H&S improvements, as defined below:

1. Properties with H&S implementation costs funded through the Pilot Program that represent **less than 50% of the total project cost** ("Category 1 Properties").
2. Properties with H&S implementation costs funded through the Pilot Program that represent **50% or more of the total project cost but no greater than 75%** ("Category 2 Properties").

"Total project cost" is defined as all costs necessary to implement an energy project and generally includes pre-development costs, financing costs, energy measures, remediation of

⁹ Ongoing conversations from 2014-2016 with DEEP, utility, EEB and contractor personnel. DEEP has requested utility program administrators to begin collecting data on H&S issues in 2016.

¹⁰ Based on discussions with Diane Duva at DEEP. 2016-2018 CES not public yet.

H&S obstacles, commissioning, and post-implementation monitoring and verification. See Attachment C for an example of how total project costs are calculated.

Category 1 Properties can be funded through the Pilot Program subject to the terms and guidelines in Attachment A, which builds from the HDF/MacArthur financing term sheet.

Category 2 Properties can be funded through the Pilot Program, subject to the guidelines outlined in Attachment A and the additional guidelines set forth in Attachment B. These guidelines are designed to ensure H&S remediation will lead to significant energy improvements and there is either ratepayer¹¹ or non-ratepayer¹² funding committed for the implementation of energy improvements.

¹¹ Pursuant to CT Gen Stat § 16-245n(c), the Connecticut Green Bank administers the Clean Energy Fund on behalf of Connecticut ratepayers. Ratepayer funded programs also include utility incentives and rebates.

¹² Including, but not limited to, charitable gifts, grants, contributions as well as loans from individuals, corporations, university endowments and philanthropic foundations.

Attachment A

Catalyst Fund Pilot Loan Program (“Pilot Program”)

REQUIREMENTS & TERMS

Loan Product Details	
Loan Type	Term loan that provides gap financing enabling the implementation of qualifying energy improvements and remediation of prohibitive, preceding health and safety measures. Subordinate, secured debt or unsecured debt may also be considered based on requirements of existing debt and property/project financials.
Eligible Energy Improvements	<p>A qualified provider must complete an energy opportunity assessment and/or energy audit of the property satisfactory to the Green Bank. The assessment/ audit must identify substantive energy improvements, cost of improvements and expected energy savings and health and safety (H&S) issues impeding energy improvements.</p> <p>Pilot Program funds are intended to support investments in comprehensive, deeper energy improvements as well as remediation of health and safety issues that enable these improvements. Examples of improvements:</p> <ol style="list-style-type: none"> 1) Electric/gas utility criteria for rebates as specified in a Letter of Agreement (LOA) or Letter of Participation (LOP). 2) Eligible measures under Green Bank C-PACE or Smart-E Programs or supported under the State’s Comprehensive Energy Strategy 3) Fuel conversions and associated improvements 4) Energy storage 5) Electric vehicle charging stations 6) Other energy upgrades with a commercial track record of realized savings, as approved by the Green Bank 7) Project commissioning 8) Energy performance monitoring
Eligible Health & Safety Improvements	<p>H&S improvements directly impeding energy improvements identified through an opportunity assessment, energy audit, or other physical or capital needs assessment can be financed through the Pilot Program as follows:</p> <p>Up to 100% of the loan amount may be used for health and safety issues (examples include, but are not limited to, mold remediation; removal of, asbestos, lead paint, or other; and/or amelioration of leaking roofs, carbon monoxide, radon gas, knob and tube wiring, etc.)</p>
Loan amounts	Up to \$300,000 (higher amounts subject to Deployment Committee or Board of Director approval based on funding availability and project feasibility – see required “Coverage Ratio”).
Loan Term	Up to 20 years.

Loan Rate	Subject to underwriting – anticipated in 0% to 6% range.
Prepayment	Allowed with no penalty.
Loan Fee	0.50% upfront; may be rolled into loan. Fee may be waived at the discretion of Green Bank staff.
Eligible Properties	Residential properties with 5 or more units serving low- and moderate-income tenants including, but not limited to: private, non-profit or housing authority-owned apartment buildings, coops, condominiums, or assisted living communities.
Energy Monitoring	Required using a Green Bank-approved energy performance monitoring system. All energy usage and monitoring data must be made available electronically to Green Bank on a monthly basis.
Underwriting	
Coverage Ratio	Net Operating Income (NOI)/debt service (including the proposed gap financing after considering savings that are expected to result from the financing) of at least 1.10x. Ratio may be reduced with a mortgage or significant personal / corporate guaranty for properties with strong overall financials, smaller dollar volume loans, or otherwise at discretion of Green Bank staff.
Borrower/Sponsor Financials	<ul style="list-style-type: none"> Existing DSCR > 1.0 OR projected > 1.0 DSCR subsequent to energy improvement(s) implementation Current assets / current liabilities >1.0 Total Liabilities / Tangible Net Worth not in excess of 3.00:1.00 Mortgage payments and taxes are current or subject to a reasonable plan to make current
Miscellaneous	
Advances	<p>Loan funds will be advanced in accordance with a disbursement schedule approved by Green Bank staff. This includes written confirmation and approval, as applicable, of all required:</p> <ul style="list-style-type: none"> - Municipal inspections by appropriate municipal officials - Utility inspections by appropriate local electric or gas utility company - For projects that include energy conservation measures <u>beyond</u> those approved for incentives under an LOA, final inspection and written approval by a qualified third party approved by the Green Bank

Attachment B

Category 2 Property Additional Guidelines

3. *Substantive energy improvements* must be implemented. **“Substantive Energy Improvements”** is defined as follows:
 - a. Projected energy use intensity (EUI¹³) reduced by > 10% above baseline – for projects with multiple buildings, average EUI across all buildings > 10%.
 - b. For projects involving only the replacement of heating and/or domestic hot water systems, the new system must meet efficiency specifications required to qualify for utility incentives and be at least 10% more efficient than the system being replaced.
4. A qualified provider must complete an energy opportunity assessment and/or energy audit of the property satisfactory to the Green Bank. The assessment/ audit must identify energy improvements, cost of improvements and expected energy savings, and health and safety issues impeding energy improvements.
5. H&S work financed through the Pilot Program must be tied to implementation of *Substantive Energy Improvements*. To ensure the implementation of *Substantive Energy Improvements*, sources of funds, satisfactory to the Green Bank, to cover the costs of *Substantive Energy Improvements* need to be presented. Satisfactory documentation will be in the form of a commitment letter and/or term sheet.

¹³ Calculated as **energy** per square foot per year: the total **energy** consumed by the building in one year (measured in kBtu or GJ), divided by the total gross floor area of the building.)

Attachment C

Example Demonstrating Definition/ Calculation of Total Project Costs

EXAMPLE: COZY TOWN ESTATES

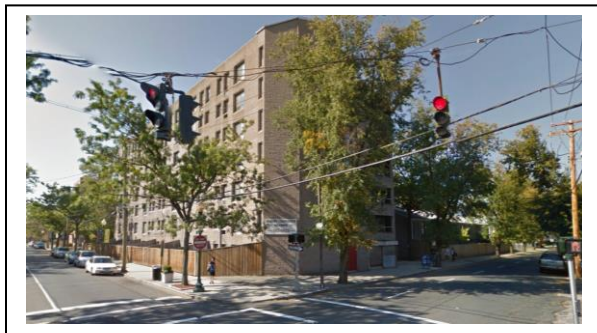
	Energy Items	H&S Items	Total Costs	Utility Incentive
Pre-Development	\$50		\$50	
Insulation	\$200		\$200	(\$150)
High efficiency heating system	\$150		\$150	(\$50)
LED lighting	\$50		\$50	(\$40)
Asbestos & mold remediation		\$700	\$700	
Monitoring & Verification	\$10		\$10	
Totals	\$460	\$700	\$1,160	(\$240)
% of Total Cost	40%	60%		

The total project cost in this example is \$1,160

Attachment D

Case Study Examples of Properties that May Benefit from the Pilot Program

Case Study 1 – Seabury Cooperative, New Haven



Overview

Seabury is a 2-building, 88-unit resident-owned low and moderate-income housing cooperative, located adjacent to the Yale campus and ideally situated in an employment hub with easy access to public transportation. Due to its location, developers frequently approach Seabury's Board with acquisition offers.

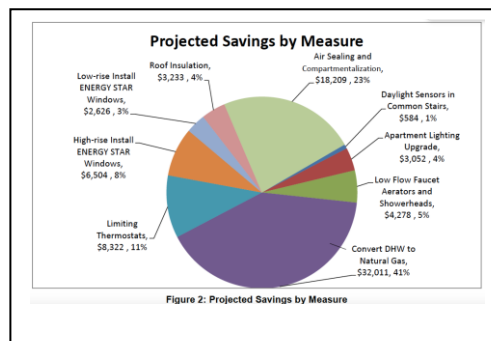
Potential Energy Improvements, Health & Safety

The well-designed property is a community asset constructed in 1972 and is now in need of numerous capital improvements, the most pressing of these include replacement of electric boilers that provide domestic hot water with high efficiency solutions, a failing roof and elevators, and the need for many small repairs.

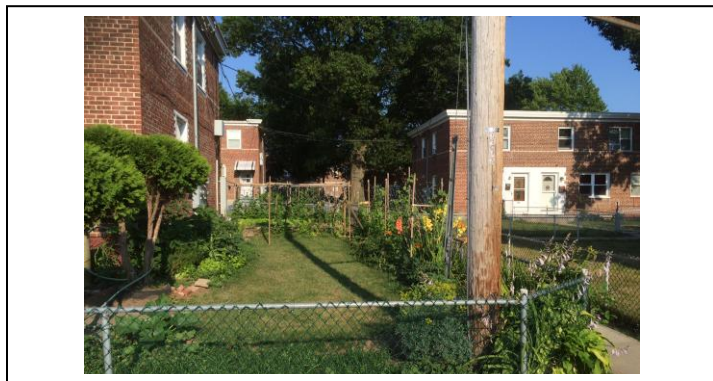
United Illuminating funded a ASHRAE Level II Energy Audit for the property in 2014. The potential savings of the most cost-effective measures identified by the audit have an estimated savings to investment ratio (SIR) of 5.6. The replacement of the property's electric resistance heating could decrease heating costs by an additional 41%. For a property that has expended its reserves to cover the cost of its ever-increasing utilities, these prospective savings have the potential to return a project to financial viability.

Green Bank Technical Assistance to-date

To-date, the Green Bank multifamily team has provided the Coop Board and its property management with extensive technical assistance to develop a comprehensive strategy to improve the property's energy efficiency and performance, health and safety, and financial viability. Revitalization of the property will preserve an important housing resource and serve community needs. Challenges include reducing the cost of maintaining aging systems, enhancing the capacity of Seabury's Board to successfully manage the property into the future, eliminating health and safety hazards and re-establishing healthy reserve levels.



Case Study 2 – Success Village Cooperative, Bridgeport and Stratford



Overview

Success Village is a resident-owned cooperative with 924 units in 97 buildings. It is a strong and vibrant community serving low- and moderate-income residents. This historical property was built in the period from 1941 and 1951 as housing for defense workers and veterans.

Potential Energy Improvements, Health & Safety

The property's benchmarking indicates that this is the worst performing property in our current BenchmarkCT portfolio.

Success Village is heated from a central plant of five boilers (four of which are currently operational) that feed steam throughout the campus through a network of degraded, and likely asbestos-laden steam pipes. Many of the units lack sufficient insulation. Thus, in the winter months, residents living in units closest to the central heating plant frequently prop their windows open to dissipate the excessive heat, while residents of units farthest from the plant receive little to no heat at all and employ electric heaters as a stop-gap heating solution.

Pipes leak, portions of the steam heating system are 75 years old, and all systems are failing and need to be replaced. The coop association pays for heating – and is suffering from crushing energy bills. Inefficiencies include one original boiler that requires a level of service not currently available, heating the ground surrounding the steam tunnels and the lack of any consistent weatherization. The cost of operating this inefficient system has led to increases in carrying charges many residents find onerous and jeopardize this important housing resource.

Green Bank Technical Assistance to-date

To-date, Green Bank staff have provided extensive technical assistance to support the Board's knowledge of the property's energy issues, development of financial documentation necessary for lending, securing professional services and an integrated approach to making the development more sustainable. Without this assistance, the Board is unable to secure funding for the energy improvements.



EXHIBIT D: EnergizeCT Health & Safety Revolving Loan

STATE OF CONNECTICUT
DEPARTMENT OF ENERGY AND ENVIRONMENTAL PROTECTION

CHECK ONE:
☒ GRANT
☐ PERSONAL SERVICE AGREEMENT

1. THE STATE BUSINESS UNIT AND THE CONTRACTOR AS LISTED BELOW HEREBY ENTER INTO AN AGREEMENT SUBJECT TO THE TERMS AND CONDITIONS STATED HEREIN AND/OR ATTACHED HERETO AND SUBJECT TO THE PROVISIONS OF SECTION 4-98 OF THE CONNECTICUT GENERAL STATUTES AS APPLICABLE.
2. ACCEPTANCE OF THIS CONTRACT IMPLIES CONFORMANCE WITH TERMS AND CONDITIONS SET FORTH BY THE OFFICE OF POLICY AND MANAGEMENT PERSONAL SERVICE AGREEMENT STANDARDS AND PROCEDURES.

(1) <input checked="" type="checkbox"/> ORIGINAL <input type="checkbox"/> AMENDMENT	(2) IDENTIFICATION #s. P.S. P.O.
---	--

CONTRACTOR	(3) CONTRACTOR NAME The Connecticut Green Bank	(4) ARE YOU PRESENTLY A STATE EMPLOYEE? <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
	CONTRACTOR ADDRESS Rocky Hill, CT	
		CONTRACTOR FEIN/SSN

STATE AGENCY	(5) AGENCY NAME AND ADDRESS DEEP - 79 Elm Street, Hartford, CT 06106-5127	(6) Dept No. DEP43000
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CONTRACT PERIOD	(7) DATE (FROM) Execution	THROUGH (TO) June 30, 2022	(8) INDICATE <input type="checkbox"/> MASTER AGREEMENT <input type="checkbox"/> CONTRACT AWARD NO. <input checked="" type="checkbox"/> NEITHER
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COMPLETE DESCRIPTION OF SERVICE	(9) CONTRACTOR AGREES TO: (Include special provisions - Attach additional blank sheets if necessary.)		
	1. Performance: Do, conduct, perform or cause to be performed in a satisfactory and proper manner as determined by the Commissioner of Energy and Environmental Protection, all work described in Appendix A, which is attached hereto and made a part hereof. Appendix A consists of ___ pages numbered A-1 through A-___ inclusive. Page 1 of 9 Standard Terms and Conditions are contained in Pages 2 through 9 and are attached hereto and made a part hereof.		

COST AND SCHEDULE OF PAYMENTS	(10) PAYMENT TO BE MADE UNDER THE FOLLOWING SCHEDULE UPON RECEIPT OF PROPERLY EXECUTED AND APPROVED INVOICES.		
	Cost and Schedule of Payments is attached hereto as Appendix B, and made a part hereof. (Appendix B consists of ___ page(s) numbered B-1 through B-___). Total Payments Not to Exceed the Maximum Amount of \$_____.		

(11) OBLIGATED AMOUNT	
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(12) Amount	(13) Dept	(14) Fund	(15) SID	(16) Program	(17) Project	(18) Activity	(19) Bud Ref	(20) Agency CF 1	(21) Agency CF 2	(22) Account

An individual entering into a Personal Service Agreement with the State of Connecticut is contracting under a "work-for-hire" arrangement. As such, the individual is an independent contractor, and does not satisfy the characteristics of an employee under the common law rules for determining the employer/employee relationship of Internal Revenue Code Section 3121 (d) (2). Individuals performing services as independent contractors are not employees of the State of Connecticut and are responsible themselves for payment of all State and local income taxes, federal income taxes and Federal Insurance Contribution Act (FICA) taxes.

ACCEPTANCES AND APPROVALS	(23) STATUTORY AUTHORITY CGS Sec. 4-8 as amended; CGS Sec. 22a-6(a)(2) as amended CGS Sec. 7-148(c) as amended (mun. auth.)
(24) CONTRACTOR (OWNER OR AUTHORIZED SIGNATURE)	TITLE DATE
(25) AGENCY (AUTHORIZED OFFICIAL)	TITLE DATE
(26) ATTORNEY GENERAL (APPROVED AS TO FORM)	DATE

DRAFT

STANDARD TERMS AND CONDITIONS

(Rev. 6-9-2016)

1. Executive Orders. This Contract is subject to the provisions of Executive Order No. Three of Governor Thomas J. Meskill, promulgated June 16, 1971, concerning labor employment practices, Executive Order No. Seventeen of Governor Thomas J. Meskill, promulgated February 15, 1973, concerning the listing of employment openings and Executive Order No. Sixteen of Governor John G. Rowland promulgated August 4, 1999, concerning violence in the workplace, all of which are incorporated into and are made a part of the Contract as if they had been fully set forth in it. The Contract may also be subject to Executive Order No. 14 of Governor M. Jodi Rell, promulgated April 17, 2006, concerning procurement of cleaning products and services and to Executive Order No. 49 of Governor Dannel P. Malloy, promulgated May 22, 2015, mandating disclosure of certain gifts to public employees and contributions to certain candidates for office. If Executive Order 14 and/or Executive Order 49 are applicable, they are deemed to be incorporated into and are made a part of the Contract as if they had been fully set forth in it. At the Contractor's request, the Client Agency or DAS shall provide a copy of these orders to the Contractor.

2. Non-Discrimination.

(a) For purposes of this Section, the following terms are defined as follows:

(1) "Commission" means the Commission on Human Rights and Opportunities;

(2) "Contract" and "contract" include any extension or modification of the Contract or contract;

(3) "Contractor" and "contractor" include any successors or assigns of the Contractor or contractor;

(4) "Gender identity or expression" means a person's gender-related identity, appearance or behavior, whether or not that gender-related identity, appearance or behavior is different from that traditionally associated with the person's physiology or assigned sex at birth, which gender-related identity can be shown by providing evidence including, but not limited to, medical history, care or treatment of the gender-related identity, consistent and uniform assertion of the gender-related identity or any other evidence that the gender-related identity is sincerely held, part of a person's core identity or not being asserted for an improper purpose.

(5) "good faith" means that degree of diligence which a reasonable person would exercise in the performance of legal duties and obligations;

(6) "good faith efforts" shall include, but not be limited to, those reasonable initial efforts necessary to comply with statutory or regulatory requirements and additional or substituted efforts when it is determined that such initial efforts will not be sufficient to comply with such requirements;

(7) "marital status" means being single, married as recognized by the state of Connecticut, widowed, separated or divorced;

(8) "mental disability" means one or more mental disorders, as defined in the most recent edition of the American Psychiatric Association's "Diagnostic and Statistical Manual of Mental Disorders", or a record of or regarding a person as having one or more such disorders;

(9) "minority business enterprise" means any small contractor or supplier of materials fifty-one percent or more of the capital stock, if any, or assets of which is owned by a person or persons: (1) who are active in the daily affairs of the enterprise, (2) who have the power to direct the management and policies of the enterprise, and (3) who are members of a minority, as such term is defined in subsection (a) of Connecticut General Statutes § 32-9n; and

(10) "public works contract" means any agreement between any individual, firm or corporation and the State or any political subdivision of the State other than a municipality for construction, rehabilitation, conversion, extension, demolition or repair of a public building, highway or other changes or improvements in real property, or which is financed in whole or in part by the State, including, but not limited to, matching expenditures, grants, loans, insurance or guarantees.

For purposes of this Section, the terms "Contract" and "contract" do not include a contract where each contractor is (1) a political subdivision of the state, including, but not limited to, a municipality, (2) a quasi-public agency, as defined in Conn. Gen. Stat. Section 1-120, (3) any other state, including but not limited to any federally recognized Indian tribal governments, as defined in Conn. Gen. Stat. Section 1-267, (4) the federal government, (5) a foreign government, or (6) an agency of a subdivision, agency, state or government described in the immediately preceding enumerated items (1), (2), (3), (4) or (5).

(b)

(1) The Contractor agrees and warrants that in the performance of the Contract such Contractor will not discriminate or permit discrimination against any person or group of persons on the grounds of race, color, religious creed, age, marital status, national origin, ancestry, sex, gender identity or expression, intellectual disability, mental disability or physical disability, including, but not limited to, blindness, unless it is shown by such Contractor that such disability prevents performance of the work involved, in any manner prohibited by the laws of the United States or of the State of Connecticut; and the Contractor further agrees to take affirmative action to insure that applicants with job-related qualifications are employed and that employees are treated when employed without regard to their race, color, religious creed, age, marital status, national origin, ancestry, sex, gender identity or expression, intellectual disability, mental disability or physical disability, including, but not limited to, blindness, unless it is shown by the Contractor that such disability prevents performance of the work involved; (2) the Contractor agrees, in all solicitations or

advertisements for employees placed by or on behalf of the Contractor, to state that it is an "affirmative action-equal opportunity employer" in accordance with regulations adopted by the Commission; (3) the Contractor agrees to provide each labor union or representative of workers with which the Contractor has a collective bargaining agreement or other contract or understanding and each vendor with which the Contractor has a contract or understanding, a notice to be provided by the Commission, advising the labor union or workers' representative of the Contractor's commitments under this section and to post copies of the notice in conspicuous places available to employees and applicants for employment; (4) the Contractor agrees to comply with each provision of this Section and Connecticut General Statutes §§ 46a-68e and 46a-68f and with each regulation or relevant order issued by said Commission pursuant to Connecticut General Statutes §§ 46a-56, 46a-68e and 46a-68f; and (5) the Contractor agrees to provide the Commission on Human Rights and Opportunities with such information requested by the Commission, and permit access to pertinent books, records and accounts, concerning the employment practices and procedures of the Contractor as relate to the provisions of this Section and Connecticut General Statutes § 46a-56. If the contract is a public works contract, the Contractor agrees and warrants that he will make good faith efforts to employ minority business enterprises as subcontractors and suppliers of materials on such public works projects.

- (c) Determination of the Contractor's good faith efforts shall include, but shall not be limited to, the following factors: The Contractor's employment and subcontracting policies, patterns and practices; affirmative advertising, recruitment and training; technical assistance activities and such other reasonable activities or efforts as the Commission may prescribe that are designed to ensure the participation of minority business enterprises in public works projects.
- (d) The Contractor shall develop and maintain adequate documentation, in a manner prescribed by the Commission, of its good faith efforts.
- (e) The Contractor shall include the provisions of subsection (b) of this Section in every subcontract or purchase order entered into in order to fulfill any obligation of a contract with the State and such provisions shall be binding on a subcontractor, vendor or manufacturer unless exempted by regulations or orders of the Commission. The Contractor shall take such action with respect to any such subcontract or purchase order as the Commission may direct as a means of enforcing such provisions including sanctions for noncompliance in accordance with Connecticut General Statutes § 46a-56; provided if such Contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the Commission, the Contractor may request the State of Connecticut to enter into any such litigation or negotiation prior thereto to protect the interests of the State and the State may so enter.
- (f) The Contractor agrees to comply with the regulations referred to in this Section as they exist on the date of this Contract and as they may be adopted or amended from time to time during the term of this Contract and any amendments thereto.

- (g)
 - (1) The Contractor agrees and warrants that in the performance of the Contract such Contractor will not discriminate or permit discrimination against any person or group of persons on the grounds of sexual orientation, in any manner prohibited by the laws of the United States or the State of Connecticut, and that employees are treated when employed without regard to their sexual orientation; (2) the Contractor agrees to provide each labor union or representative of workers with which such Contractor has a collective bargaining agreement or other contract or understanding and each vendor with which such Contractor has a contract or understanding, a notice to be provided by the Commission on Human Rights and Opportunities advising the labor union or workers' representative of the Contractor's commitments under this section, and to post copies of the notice in conspicuous places available to employees and applicants for employment; (3) the Contractor agrees to comply with each provision of this section and with each regulation or relevant order issued by said Commission pursuant to Connecticut General Statutes § 46a-56; and (4) the Contractor agrees to provide the Commission on Human Rights and Opportunities with such information requested by the Commission, and permit access to pertinent books, records and accounts, concerning the employment practices and procedures of the Contractor which relate to the provisions of this Section and Connecticut General Statutes § 46a-56.
- (h) The Contractor shall include the provisions of the foregoing paragraph in every subcontract or purchase order entered into in order to fulfill any obligation of a contract with the State and such provisions shall be binding on a subcontractor, vendor or manufacturer unless exempted by regulations or orders of the Commission. The Contractor shall take such action with respect to any such subcontract or purchase order as the Commission may direct as a means of enforcing such provisions including sanctions for noncompliance in accordance with Connecticut General Statutes § 46a-56; provided, if such Contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the Commission, the Contractor may request the State of Connecticut to enter into any such litigation or negotiation prior thereto to protect the interests of the State and the State may so enter.

3. Indemnification.

- (a) The Contractor shall indemnify, defend and hold harmless the State and its officers, representatives, agents, servants, employees, successors and assigns from and against any and all (1) Claims arising, directly or indirectly, in connection with the Contract, including the acts of commission or omission (collectively, the "Acts") of the Contractor or Contractor Parties; and (2) liabilities, damages, losses, costs and expenses, including but not limited to, attorneys' and other professionals' fees, arising, directly or indirectly, in connection with Claims, Acts or the Contract. The Contractor shall use counsel reasonably acceptable to the State in carrying out its obligations under this section. The Contractor's obligations under this section to indemnify, defend and hold harmless against Claims includes Claims concerning confidentiality of any part of or all of the Contractor's bid, proposal or any Records, any intellectual property rights, other proprietary rights of any person or entity, copyrighted or uncopyrighted compositions, secret processes, patented or unpatented inventions, articles or appliances furnished or used in the Performance.

- (b) The Contractor shall not be responsible for indemnifying or holding the State harmless from any liability arising due to the negligence of the State or any other person or entity acting under the direct control or supervision of the State.
 - (c) The Contractor shall reimburse the State for any and all damages to the real or personal property of the State caused by the Acts of the Contractor or any Contractor Parties. The State shall give the Contractor reasonable notice of any such Claims.
 - (d) The Contractor's duties under this section shall remain fully in effect and binding in accordance with the terms and conditions of the Contract, without being lessened or compromised in any way, even where the Contractor is alleged or is found to have merely contributed in part to the Acts giving rise to the Claims and/or where the State is alleged or is found to have contributed to the Acts giving rise to the Claims.
 - (e) The Contractor shall carry and maintain at all times during the term of the Contract, and during the time that any provisions survive the term of the Contract, sufficient general liability insurance to satisfy its obligations under this Contract. The Contractor shall cause the State to be named as an additional insured on the policy and shall provide (1) a certificate of insurance, (2) the declaration page and (3) the additional insured endorsement to the policy to DAS and the Client Agency all in an electronic format acceptable to DAS prior to the Effective Date of the Contract evidencing that the State is an additional insured. The Contractor shall not begin Performance until the delivery of these 3 documents to the Client Agency. Contractor shall provide an annual electronic update of the 3 documents to the Client Agency and DAS on or before each anniversary of the Effective Date during the Contract term. State shall be entitled to recover under the insurance policy even if a body of competent jurisdiction determines that State is contributorily negligent.
 - (f) This section shall survive the Termination of the Contract and shall not be limited by reason of any insurance coverage.
4. Anti-trust Provision. Contractor hereby irrevocably assigns to the State of Connecticut all rights, title and interest in and to all Claims associated with this Contract that Contractor now has or may or will have and that arise under the antitrust laws of the United States, 15 USC Section 1, *et seq.* and the antitrust laws of the State of Connecticut, Connecticut General Statute § 35-24, *et seq.*, including but not limited to any and all Claims for overcharges. This assignment shall become valid and effective immediately upon the accrual of a Claim without any further action or acknowledgment by the parties.
5. State Liability. The State of Connecticut shall assume no liability for payment for services under the terms of this agreement until the contractor is notified that this agreement has been accepted by the contracting agency and, if applicable, approved by the Office of Policy and Management (OPM) or the Department of Administrative Services (DAS) and by the Attorney General of the State of Connecticut.
6. Definitions:
- (a) State. The State of Connecticut, including the Department of Energy and Environmental Protection and any office, department, board, council, commission, institution or other agency of the State.
 - (b) Commissioner. The Commissioner of Energy and Environmental Protection or the Commissioner's designated agent.
 - (c) Parties. The Department of Energy and Environmental Protection (DEEP or Agency) and the Contractor.
 - (d) Contractor Parties. Contractor Parties shall be defined as a Contractor's members, directors, officers, shareholders, partners, managers, principal officers, representatives, agents, servants, consultants, employees or any one of them or any other person or entity with whom the Contractor is in privity of oral or written contract and the Contractor intends for such other person or entity to Perform under the Contract in any capacity. To the extent that any Contractor Party is to participate or Perform in any way, directly or indirectly in connection with the Contract, any reference in the Contract to the "Contractor" shall also be deemed to include "Contractor Parties", as if such reference had originally specifically included "Contractor Parties" since it is the Parties' intent for the terms "Contractor Parties" to be vested with the same respective rights and obligations as the terms "Contractor."
 - (e) Contract. This agreement, as of its Effective Date, between the Contractor and the State for any or all goods or services as more particularly described in Appendix A.
 - (f) Execution. This contract shall be fully executed when it has been signed by authorized representatives of the parties, and if it is for an amount Twenty-five thousand dollars (\$25,000.00) or more, by the authorized representative of the state Attorney General's office.
 - (g) Exhibits. All attachments, appendices or exhibits referred to in and attached to this Contract are incorporated in this Contract by such reference and shall be deemed to be a part of it as if they had been fully set forth in it.
 - (h) Records. For the purposes of this Contract, records are defined as all working papers and such other information and materials as may have been accumulated by the Contractor in performing the Contract, including but not limited to, documents, data, plans, books, computations, drawings, specifications, notes, reports, records, estimates, summaries and correspondence, kept or stored in any form.
 - (i) Confidential Information. shall mean any name, number or other information that may be used, alone or in conjunction with any other information, to identify a specific individual including, but not limited to, such individual's name, date of birth, mother's maiden name, motor vehicle operator's license number, Social Security number, employee identification number, employer or taxpayer identification number, alien registration number, government passport number, health insurance identification number, demand deposit account number, savings account number, credit card number, debit card number or unique biometric data such as fingerprint, voice print, retina or iris image, or other unique physical representation. Without limiting the foregoing, Confidential Information shall also include any information that the Department classifies as "confidential" or "restricted." Confidential Information shall not include information that may be lawfully obtained from publicly available sources or from federal, state, or local government records which are lawfully made available to the general public.

(j) Confidential Information Breach. shall mean, generally, an instance where an unauthorized person or entity accesses Confidential Information in any manner, including but not limited to the following occurrences: (1) any Confidential Information that is not encrypted or protected is misplaced, lost, stolen or in any way compromised; (2) one or more third parties have had access to or taken control or possession of any Confidential Information that is not encrypted or protected without prior written authorization from the State; (3) the unauthorized acquisition of encrypted or protected Confidential Information together with the confidential process or key that is capable of compromising the integrity of the Confidential Information; or (4) if there is a substantial risk of identity theft or fraud to the client, the Contractor, the Department or State.

(k) Claim Shall mean, all actions, suits, claims, demands, investigations and proceedings of any kind, open, pending or threatened, whether mature, unmaturing, contingent, known or unknown, at law or in equity, in any forum.

7. Distribution of Materials. The Contractor shall obtain written approval from the Commissioner prior to the distribution or publication of any materials prepared under the terms of this Contract. Such approval shall not be unreasonably withheld.
8. Change in Principal Project Staff. Any changes in the principal project staff must be requested in writing and approved in writing by the Commissioner at the Commissioner's sole discretion. In the event of any unapproved change in principal project staff, the Commissioner may, in the Commissioner's sole discretion, terminate this Contract.
9. Further Assurances. The Parties shall provide such information, execute and deliver any instruments and documents and take such other actions as may be necessary or reasonably requested by the other Party which are not inconsistent with the provisions of this Contract and which do not involve the vesting of rights or assumption of obligations other than those provided for in the Contract, in order to give full effect to the Contract and to carry out the intent of the Contract.
10. Recording and Documentation of Receipts and Expenditures. Accounting procedures must provide for accurate and timely recording of receipt of funds by source, expenditures made from such funds, and of unexpended balances. Controls must be established which are adequate to ensure that expenditures under this Contract are for allowable purposes and that documentation is readily available to verify that such charges are accurate.
11. Assignability. The Contractor shall not assign any interest in this Contract, and shall not transfer any interest in the same (whether by assignment or novation), without the prior written consent of the Commissioner thereto: provided, however, that claims for money due or to become due the Contractor from the Commissioner under this Contract may be assigned to a bank, trust company, or other financial institution without such approval. Notice of any such assignment or transfer shall be furnished promptly to the Commissioner.
12. Third Party Participation. The Contractor may make sub-awards, using either its own competitive selection process or the values established in the state's competitive selection process as outlined in DAS General Letter 71, whichever is more restrictive, to conduct any of the tasks in the Scope of Work contained in Appendix A. The Contractor shall advise the Commissioner of the proposed sub-awardee and the amount allocated, at least two (2) weeks prior to the making of such awards. The Commissioner reserves the right to disapprove such awards if they appear to be inconsistent with the program activities to be conducted under this grant. As required by Sec. 46a-68j-23 of the Connecticut Regulations of State Agencies the Contractor must make a good faith effort, based upon the availability of minority business enterprises in the labor market area, to award a reasonable proportion of all subcontracts to such enterprises. When minority business enterprises are selected, the Contractor shall provide DEEP with a copy of the Affidavit for Certification of Subcontractors as Minority Business Enterprises (MBE) along with a copy of the purchase order or contract engaging the Subcontractor. The Contractor shall be the sole point of contact concerning the management of the Contract, including performance and payment issues. The Contractor is solely and completely responsible for adherence by any subcontractor to all the applicable provisions of the Contract.
13. Set Aside. State funded projects are subject to the requirements of CGS Sec. 4a-60g "Set-Aside program for small contractors, minority business enterprises, individuals with disabilities and nonprofit corporations" unless exempted from these requirements by the Department of Administrative Services Supplier Diversity Program. For contracts using non-exempted funding sources and subcontracting any portion of work, contractors are required to subcontract 25% of the total contract value to small businesses certified by the Department of Administrative Services and are further required to subcontract 25% of that 25% to minority and women small contractors certified as minority business enterprises by the Department of Administrative Services.
14. Audit Requirements for Recipients of State Financial Assistance. For purposes of this paragraph, the word "contractor" shall be deemed to mean "nonstate entity," as that term is defined in Section 4-230 of the Connecticut General Statutes. The contractor shall provide for an annual financial audit acceptable to the Agency for any expenditure of state-awarded funds made by the contractor. Such audit shall include management letters and audit recommendations. The State Auditors of Public Accounts shall have access to all records and accounts for the fiscal year(s) in which the award was made. The contractor will comply with federal and state single audit standards as applicable.
15. Audit and Inspection of Plants, Places of Business and Records.
 - (a) The State and its agents, including, but not limited to, the Connecticut Auditors of Public Accounts, Attorney General and State's Attorney and their respective agents, may, at reasonable hours, inspect and examine all of the parts of the Contractor's and Contractor Parties' plants and places of business which, in any way, are related to, or involved in, the performance of this Contract.
 - (b) The Contractor shall maintain, and shall require each of the Contractor Parties to maintain, accurate and complete Records. The Contractor shall make all of it's and the Contractor Parties' Records available at all reasonable hours for audit and inspection by the State and its agents.

- (c) The State shall make all requests for any audit or inspection in writing and shall provide the Contractor with at least twenty-four (24) hours' notice prior to the requested audit and inspection date. If the State suspects fraud or other abuse, or in the event of an emergency, the State is not obligated to provide any prior notice.
 - (d) The Contractor will pay for all costs and expenses of any audit or inspection which reveals information that, in the sole determination of the State, is sufficient to constitute a breach by the Contractor under this Contract. The Contractor will remit full payment to the State for such audit or inspection no later than 30 days after receiving an invoice from the State. If the State does not receive payment within such time, the State may setoff the amount from any moneys which the State would otherwise be obligated to pay the Contractor in accordance with this Contract's Setoff provision.
 - (e) The Contractor shall keep and preserve or cause to be kept and preserved all of its and Contractor Parties' Records until three (3) years after the latter of (i) final payment under this Contract, or (ii) the expiration or earlier termination of this Contract, as the same may be modified for any reason. The State may request an audit or inspection at any time during this period. If any Claim or audit is started before the expiration of this period, the Contractor shall retain or cause to be retained all Records until all Claims or audit findings have been resolved.
 - (f) The Contractor shall cooperate fully with the State and its agents in connection with an audit or inspection. Following any audit or inspection, the State may conduct and the Contractor shall cooperate with an exit conference.
 - (g) The Contractor shall incorporate this entire Section verbatim into any contract or other agreement that it enters into with any Contractor Party.
16. Americans With Disabilities Act. The Contractor shall be and remain in compliance with the Americans with Disabilities Act of 1990 ("Act"), to the extent applicable, during the term of the Contract. The DEEP may cancel the Contract if the Contractor fails to comply with the Act.
17. Affirmative Action and Sexual Harassment Policy. The Contractor agrees to comply with the Departments Affirmative Action and Sexual Harassment Policies available on DEEP's web site. Hard copies of the policy statements are available upon request at DEEP.
18. Campaign Contribution Restriction. For all State contracts as defined in Conn. Gen. Stat. § 9-612(g)(1) having a value in a calendar year of \$50,000 or more or a combination or series of such agreements or contracts having a value of \$100,000 or more, the authorized signatory to this Contract expressly acknowledges receipt of the State Elections Enforcement Commission's notice advising state contractors of state campaign contribution and solicitation prohibitions, and will inform its principals of the contents of the notice, as set forth in "Notice to Executive Branch State Contractors and Prospective State Contractors of Campaign Contribution and Solicitation Limitations," attached as Exhibit C.
19. Sovereign Immunity. The parties acknowledge and agree that nothing in the Solicitation or the Contract shall be construed as a modification, compromise or waiver by the State of any rights or defenses of any immunities provided by Federal law or the laws of the State of Connecticut to the State or any of its officers and employees, which they may have had, now have or will have with respect to all matters arising out of the Contract. To the extent that this section conflicts with any other section, this section shall govern.
20. Termination.
- (a) Notwithstanding any provisions in this Contract, the Agency, through a duly authorized employee, may Terminate the Contract whenever the Agency makes a written determination that such Termination is in the best interests of the State. The Agency shall notify the Contractor in writing of Termination pursuant to this section, which notice shall specify the effective date of Termination and the extent to which the Contractor must complete its Performance under the Contract prior to such date.
 - (b) Notwithstanding any provisions in this Contract, the Agency, through a duly authorized employee, may, after making a written determination that the Contractor has breached the Contract, Terminate the Contract in accordance with the provisions in the Breach section of this Contract.
 - (c) The Agency shall send the notice of Termination via certified mail, return receipt requested, to the Contractor at the most current address which the Contractor has furnished to the Agency for purposes of correspondence, or by hand delivery. Upon receiving the notice from the Agency, the Contractor shall immediately discontinue all services affected in accordance with the notice, undertake all commercially reasonable efforts to mitigate any losses or damages, and deliver to the Agency all Records. The Records are deemed to be the property of the Agency and the Contractor shall deliver them to the Agency no later than thirty (30) days after the Termination of the Contract or fifteen (15) days after the Contractor receives a written request from the Agency for the Records. The Contractor shall deliver those Records that exist in electronic, magnetic or other intangible form in a non-proprietary format, such as, but not limited to, ASCII or .TXT.
 - (d) Upon receipt of a written notice of Termination from the Agency, the Contractor shall cease operations as the Agency directs in the notice, and take all actions that are necessary or appropriate, or that the Agency may reasonably direct, for the protection, and preservation of the Goods and any other property. Except for any work which the Agency directs the Contractor to Perform in the notice prior to the effective date of Termination, and except as otherwise provided in the notice, the Contractor shall terminate or conclude all existing subcontracts and purchase orders and shall not enter into any further subcontracts, purchase orders or commitments.
 - (e) The Agency shall, within forty-five (45) days of the effective date of Termination, reimburse the Contractor for its Performance rendered and accepted by the Agency, in addition to all actual and reasonable costs incurred after Termination in completing those portions of the Performance which the notice required the Contractor to complete. However, the Contractor is not entitled to receive and the Agency is not obligated to tender to the Contractor any payments for anticipated or lost profits. Upon request by the Agency, the Contractor shall assign to the Agency, or any replacement contractor which the Agency designates, all

subcontracts, purchase orders and other commitments, deliver to the Agency all Records and other information pertaining to its Performance, and remove from State premises, whether leased or owned, all of Contractor's property, equipment, waste material and rubbish related to its Performance, all as the Agency may request.

- (f) For breach or violation of any of the provisions in the section concerning Representations and Warranties, the Agency may Terminate the Contract in accordance with its terms and revoke any consents to assignments given as if the assignments had never been requested or consented to, without liability to the Contractor or Contractor Parties or any third party.
 - (g) Upon Termination of the Contract, all rights and obligations shall be null and void, so that no party shall have any further rights or obligations to any other party, except with respect to the sections which survive Termination. All representations, warranties, agreements and rights of the parties under the Contract shall survive such Termination to the extent not otherwise limited in the Contract and without each one of them having to be specifically mentioned in the Contract.
 - (h) Termination of the Contract pursuant to this section shall not be deemed to be a breach of contract by the Agency.
21. Breach. If either Party breaches the Contract in any respect, the non-breaching Party shall provide written notice of the breach to the breaching Party and afford the breaching Party an opportunity to cure within ten (10) days from the date that the breaching Party receives the notice. In the case of a Contractor breach, any other time period which the Agency sets forth in the notice shall trump the ten (10) days. The right to cure period shall be extended if the non-breaching Party is satisfied that the breaching Party is making a good faith effort to cure but the nature of the breach is such that it cannot be cured within the right to cure period. The notice may include an effective Contract Termination date if the breach is not cured by the stated date and, unless otherwise modified by the non-breaching Party in writing prior to the Termination date; no further action shall be required of any Party to effect the Termination as of the stated date. If the notice does not set forth an effective Contract Termination date; then the non-breaching Party may Terminate the Contract by giving the breaching Party no less than twenty four (24) hours' prior written notice. If the Agency believes that the Contractor has not performed according to the Contract, the Agency may withhold payment in whole or in part pending resolution of the Performance issue, provided that the Agency notifies the Contractor in writing prior to the date that the payment would have been due.
22. Severability. If any term or provision of the Contract or its application to any person, entity or circumstance shall, to any extent, be held to be invalid or unenforceable, the remainder of the Contract or the application of such term or provision shall not be affected as to persons, entities or circumstances other than those as to whom or to which it is held to be invalid or unenforceable. Each remaining term and provision of the Contract shall be valid and enforced to the fullest extent possible by law.
23. Contractor Guarantee. The Contractor shall: perform the Contract in accordance with the specifications and terms and conditions of the Scope of Work.
24. Forum and Choice of Law. The parties deem the Contract to have been made in the City of Hartford, State of Connecticut. Both parties agree that it is fair and reasonable for the validity and construction of the Contract to be, and it shall be, governed by the laws and court decisions of the State of Connecticut, without giving effect to its principles of conflicts of laws. To the extent that any immunities provided by Federal law or the laws of the State of Connecticut do not bar an action against the State, and to the extent that these courts are courts of competent jurisdiction, for the purpose of venue, the complaint shall be made returnable to the Judicial District of Hartford only or shall be brought in the United States District Court for the District of Connecticut only, and shall not be transferred to any other court, provided, however, that nothing here constitutes a waiver or compromise of the sovereign immunity of the State of Connecticut. The Contractor waives any objection which it may now have or will have to the laying of venue of any Claims in any forum and further irrevocably submits to such jurisdiction in any suit, action or proceeding.
25. Force Majeure. The Parties shall not be excused from their obligation to perform in accordance with the Contract except in the case of Force Majeure events and as otherwise provided for in the Contract. A Force Majeure event materially affects the cost of the Goods or Services or the time schedule for performance and is outside the control nor caused by the Parties. In the case of any such exception, the nonperforming Party shall give immediate written notice to the other, explaining the cause and probable duration of any such nonperformance.
26. Summary of State Ethics Laws. Pursuant to the requirements of section 1-101qq of the Connecticut General Statutes, the summary of State ethics laws developed by the State Ethics Commission pursuant to section 1-81b of the Connecticut General Statutes is incorporated by reference into and made a part of the Contract as if the summary had been fully set forth in the Contract.
27. Disclosure of Records. This Contract may be subject to the provisions of section 1-218 of the Connecticut General Statutes. In accordance with this statute, each contract in excess of two million five hundred thousand dollars between a public agency and a person for the performance of a governmental function shall (a) provide that the public agency is entitled to receive a copy of records and files related to the performance of the governmental function, and (b) indicate that such records and files are subject to FOIA and may be disclosed by the public agency pursuant to FOIA. No request to inspect or copy such records or files shall be valid unless the request is made to the public agency in accordance with FOIA. Any complaint by a person who is denied the right to inspect or copy such records or files shall be brought to the Freedom of Information Commission in accordance with the provisions of sections 1-205 and 1-206 of the Connecticut General Statutes.
28. Confidential Information. The Agency will afford due regard to the Contractor's request for the protection of proprietary or confidential information which the Agency receives. However, all materials associated with the Bid and the Contract are subject to the terms of the Connecticut Freedom of Information Act ("FOIA") and all corresponding rules, regulations and interpretations. In making such a request, the Contractor may not merely state generally that the materials are proprietary or confidential in nature and not, therefore, subject to release to third parties. Those particular sentences, paragraphs, pages or sections that the Contractor believes are exempt from disclosure under the FOIA must be specifically identified as such. Convincing explanation and rationale sufficient to justify each exemption consistent with the FOIA must accompany the request. The rationale and explanation must be stated in terms

of the prospective harm to the competitive position of the Contractor that would result if the identified material were to be released and the reasons why the materials are legally exempt from release pursuant to the FOIA. To the extent that any other provision or part of the Contract, especially including the Bid, the Records and the specifications, conflicts or is in any way inconsistent with this section, this section controls and shall apply and the conflicting provision or part shall not be given effect. If the Contractor indicates that certain documentation is submitted in confidence, by specifically and clearly marking said documentation as CONFIDENTIAL," the Agency will endeavor to keep said information confidential to the extent permitted by law. The Agency, however, has no obligation to initiate, prosecute or defend any legal proceeding or to seek a protective order or other similar relief to prevent disclosure of any information that is sought pursuant to a FOIA request. The Contractor shall have the burden of establishing the availability of any FOIA exemption in any proceeding where it is an issue. In no event shall the Agency or the State have any liability for the disclosure of any documents or information in its possession which the Agency believes are required to be disclosed pursuant to the FOIA or other requirements of law.

29. Protection of Confidential Information.

- (a) Contractor and Contractor Parties, at their own expense, have a duty to and shall protect from a Confidential Information Breach any and all Confidential Information which they come to possess or control, wherever and however stored or maintained, in a commercially reasonable manner in accordance with current industry standards.
- (b) Each Contractor or Contractor Party shall develop, implement and maintain a comprehensive data - security program for the protection of Confidential Information. The safeguards contained in such program shall be consistent with and comply with the safeguards for protection of Confidential Information, and information of a similar character, as set forth in all applicable federal and state law and written policy of the Agency or State concerning the confidentiality of Confidential Information. Such data-security program shall include, but not be limited to, the following:
 - (1) A security policy for employees related to the storage, access and transportation of data containing Confidential Information;
 - (2) Reasonable restrictions on access to records containing Confidential Information, including access to any locked storage where such records are kept;
 - (3) A process for reviewing policies and security measures at least annually;
 - (4) Creating secure access controls to Confidential Information, including but not limited to passwords; and
 - (5) Encrypting of Confidential Information that is stored on laptops, portable devices or being transmitted electronically.
- (c) The Contractor and Contractor Parties shall notify the Agency and the Connecticut Office of the Attorney General as soon as practical, but no later than twenty-four (24) hours, after they become aware of or suspect that any Confidential Information which Contractor or Contractor Parties have come to possess or control has been subject to a Confidential Information Breach. If a Confidential Information Breach has occurred, the Contractor shall, within three (3) business days after the notification, present a credit monitoring and protection plan to the Commissioner of Administrative Services, the Agency and the Connecticut Office of the Attorney General, for review and approval. Such credit monitoring or protection plan shall be made available by the Contractor at its own cost and expense to all individuals affected by the Confidential Information Breach. Such credit monitoring or protection plan shall include, but is not limited to reimbursement for the cost of placing and lifting one (1) security freeze per credit file pursuant to Connecticut General Statutes § 36a-701a. Such credit monitoring or protection plans shall be approved by the State in accordance with this Section and shall cover a length of time commensurate with the circumstances of the Confidential Information Breach. The Contractors' costs and expenses for the credit monitoring and protection plan shall not be recoverable from the Agency, any State of Connecticut entity or any affected individuals.
- (d) The Contractor shall incorporate the requirements of this Section in all subcontracts requiring each Contractor Party to safeguard Confidential Information in the same manner as provided for in this Section.
- (e) Nothing in this Section shall supersede in any manner Contractor's or Contractor Party's obligations pursuant to HIPAA or the provisions of this Contract concerning the obligations of the Contractor as a Business Associate of Covered Entity.

30. Whistleblowing. This Contract may be subject to the provisions of Section 4-61dd of the Connecticut General Statutes. In accordance with this statute, if an officer, employee or appointing authority of the Contractor takes or threatens to take any personnel action against any employee of the Contractor in retaliation for such employee's disclosure of information to any employee of the contracting state or quasi-public agency or the Auditors of Public Accounts or the Attorney General under the provisions of subsection (a) of such statute, the Contractor shall be liable for a civil penalty of not more than five thousand dollars for each offense, up to a maximum of twenty per cent of the value of this Contract. Each violation shall be a separate and distinct offense and in the case of a continuing violation, each calendar day's continuance of the violation shall be deemed to be a separate and distinct offense. The State may request that the Attorney General bring a civil action in the Superior Court for the Judicial District of Hartford to seek imposition and recovery of such civil penalty. In accordance with subsection (f) of such statute, each large state contractor, as defined in the statute, shall post a notice of the provisions of the statute relating to large state contractors in a conspicuous place which is readily available for viewing by the employees of the Contractor.

31. Entirety of Contract. The Contract is the entire agreement between the Parties with respect to its subject matter, and supersedes all prior agreements, proposals, offers, counteroffers and understandings of the Parties, whether written or oral. The Contract has been entered into after full investigation, neither Party relying upon any statement or representation by the other unless such statement or representation is specifically embodied in the Contract.

32. Interpretation. The Contract contains numerous references to statutes and regulations. For purposes of interpretation, conflict resolution and otherwise, the content of those statutes and regulations shall govern over the content of the reference in the Contract to those statutes and regulations.

33. Tangible Personal Property.

- (a) The Contractor on its behalf and on behalf of its Affiliates, as defined below, shall comply with the provisions of Conn. Gen. Stat. §12-411b as applicable, as follows:
- (1) For the term of the Contract, the Contractor and its Affiliates shall collect and remit to the State of Connecticut, Department of Revenue Services, any Connecticut use tax due under the provisions of Chapter 219 of the Connecticut General Statutes for items of tangible personal property sold by the Contractor or by any of its Affiliates in the same manner as if the Contractor and such Affiliates were engaged in the business of selling tangible personal property for use in Connecticut and had sufficient nexus under the provisions of Chapter 219 to be required to collect Connecticut use tax;
 - (2) A customer's payment of a use tax to the Contractor or its Affiliates relieves the customer of liability for the use tax;
 - (3) The Contractor and its Affiliates shall remit all use taxes they collect from customers on or before the due date specified in the Contract, which may not be later than the last day of the month next succeeding the end of a calendar quarter or other tax collection period during which the tax was collected;
 - (4) The Contractor and its Affiliates are not liable for use tax billed by them but not paid to them by a customer; and
 - (5) Any Contractor or Affiliate who fails to remit use taxes collected on behalf of its customers by the due date specified in the Contract shall be subject to the interest and penalties provided for persons required to collect sales tax under chapter 219 of the general statutes.
 - (6) For purposes of this section of the Contract, the word "Affiliate" means any person, as defined in section 12-1 of the general statutes, that controls, is controlled by, or is under common control with another person. A person controls another person if the person owns, directly or indirectly, more than ten per cent of the voting securities of the other person. The word "voting security" means a security that confers upon the holder the right to vote for the election of members of the board of directors or similar governing body of the business, or that is convertible into, or entitles the holder to receive, upon its exercise, a security that confers such a right to vote. "Voting security" includes a general partnership interest.
 - (7) The Contractor represents and warrants that each of its Affiliates has vested in the Contractor plenary authority to so bind the Affiliates in any agreement with the State of Connecticut. The Contractor on its own behalf and on behalf of its Affiliates shall also provide, no later than 30 days after receiving a request by the State's contracting authority, such information as the State may require to ensure, in the State's sole determination, compliance with the provisions of Chapter 219 of the Connecticut General Statutes, including, but not limited to, §12-411b.

APPENDIX A

SCOPE OF WORK

Purpose: To finance remediation of health and safety issues that impede implementation of energy improvements in residential properties serving low and moderate income residents in Connecticut.

Description: The Contractor agrees to conduct a project entitled: **“EnergizeCT Health and Safety Revolving Loan”**

Insert Specific Paragraph Title(s):

1. *The Connecticut Green Bank (“Green Bank”) shall establish a revolving loan fund (“the EnergizeCT Health and Safety Revolving Loan Fund”) using \$1.5 million of Regional Greenhouse Gas Initiative (RGGI) dollars from the Department of Energy & Environmental Protection (DEEP) to support owners of residential properties that house low and moderate income residents to cover the costs of remediating health and safety issues that must be addressed in conjunction with implementation of energy efficiency upgrades. The Green Bank shall establish and administer this fund to be used in conjunction with its other residential financing products administered by Green Bank staff and program service providers, as well as other energy efficiency programs administered by CT’s major energy utilities*

The EnergizeCT Health and Safety Revolving Loan Fund shall be established as a revolving loan fund for residential properties with households at up to 80% of area median income.

On an exception basis, if a single family property houses a household at 60% of state median income or below, or a multi-family property houses at least 60% of its households at 80% of area median income or below, then up to 25% of the amount borrowed may be granted, conditional upon completion of the remedial work. Further, additional amounts (above 25%) may be granted on an exception basis for properties owned by non-profits, state and federally funded housing authorities, co-operatives and condominium complexes, based on the needs and financial strength of the property.

Prior to distribution of EnergizeCT Health and Safety Revolving Loan Funds the Green Bank shall seek and receive DEEP approval of the underwriting guidelines, terms, and conditions and shall provide documentation that a dedicated accounting process is in place to manage the revolving fund. These funds are restricted for the containment and remediation of health and safety conditions that prevent completion of clean energy improvements at residential properties and the revolved funds remain with the Green Bank in perpetuity.

The full \$1.5 million will be drawn down by the Green Bank upon signing the Agreement. Any EnergizeCT Health and Safety Revolving Loan Fund capital not deployed at least once by June 30, 2022 by the Green Bank will be returned to DEEP.

2. Budget: The Green Bank shall adhere to the budget which is identified in Appendix B to this Contract.

3. Acknowledgement of Funding: Any publication or sign produced or distributed or any publicity conducted in association with this Contract must provide credit as follows: "Funding provided by the Regional Greenhouse Gas Initiative administered by the Connecticut Department of Energy and Environmental Protection (DEEP)."

4. Publication of Materials: The Contractor must obtain written approval from DEEP Bureau of Energy and Technology Policy, in consultation with DEEP's Communications Director, prior to distribution or publication of any printed material prepared under the terms of this Contract.

Unless specifically authorized in writing by the State, on a case by case basis, Contractor shall have no right to use, and shall not use, the name of the State of Connecticut, its officials, agencies, or employees or the seal of the State of Connecticut or its agencies: (1) in any advertising, publicity, promotion; or (2) to express or to imply any endorsement of Contractor's products or services; or (3) to use the name of the State of Connecticut, its officials agencies, or employees or the seal of the State of Connecticut or its agencies in any other manner (whether or not similar to uses prohibited by (1) and (2) above), except only to manufacture and deliver in accordance with this Agreement such items as are hereby contracted for by the State. In no event may the Contractor use the State Seal in any way without the express written consent of the Secretary of State.

5. ADA Publication Statement:

For all public notices printed in newspapers, the following ADA and Title VI Publication Statement should be used:

The Connecticut Department of Energy and Environmental Protection is an Affirmative Action and Equal Opportunity Employer that is committed to complying with the Americans with Disabilities Act. To request an accommodation contact us at (860) 418-5910 or <mailto:deep.accommodations@ct.gov>

If there is not a meeting or event associated with the material(s) being published, the following ADA and Title VI Publication Statement should be used:

The Connecticut Department of Energy and Environmental Protection is an Affirmative Action/Equal Opportunity Employer that is committed to complying with the requirements of the Americans with Disabilities Act. Please contact us at (860) 418-5910 or deep.accommodations@ct.gov if you: have a disability and need a communication aid or service; have limited proficiency in English and may need information in another language; or if you wish to file an ADA or Title VI discrimination complaint.

If the material(s) being published have a meeting or event associated with them, the following ADA and Title VI Publication Statement should be used:

The Connecticut Department of Energy and Environmental Protection is an Affirmative Action/Equal Opportunity Employer that is committed to complying with the requirements of the Americans with Disabilities Act. Please contact us at (860) 418-5910 or deep.accommodations@ct.gov if you: have a disability and need a communication aid

or service; have limited proficiency in English and may need information in another language; or if you wish to file an ADA or Title VI discrimination complaint. Any person needing a hearing accommodation may call the State of Connecticut relay number - 711. Requests for accommodations must be made at least two weeks prior to any agency hearing, program or event.

For videos that will be published on the DEEP website, the following ADA and Title VI statement and the following line should be included on the DVD cover and the title page of the video:

The Connecticut Department of Energy and Environmental Protection is an Affirmative Action and Equal Opportunity Employer that is committed to complying with the requirements of the Americans with Disabilities Act. To request an accommodation contact us at (860) 418-5910 or deep.accommodations@ct.gov.

This video with closed captioning is available at www.ct.gov/deep.

- 6. Submission of Materials:** For the purposes of this Contract, all correspondence, summaries, reports, products and extension requests shall be submitted to:

Department of Energy and Environmental Protection
Bureau of Energy and Technology Policy
Project Coordinator, EnergizeCT Health and Safety Revolving Loan
10 Franklin Square
New Britain CT 06051

All **invoices** must include the PO #, PSA #, Project Title, DEEP Bureau/Division name, amount dates and description of services covered by the invoice, and shall be submitted to:
Financial Management Division
Accounts Payable
CT Department of Energy and Environmental Protection
79 Elm Street
Hartford, CT 06106-5127

- 7. Permits:** No work shall commence until all required local, state and federal permits and approvals have been obtained by the recipients of the financing or grant from the Contractor.
- 8. Project Summaries:** Following Execution of this Contract, the Contractor shall provide summaries of project status to the DEEP *program coordinator* once every *six months* during the time in which this Contract is in effect. Such summaries shall include a brief description (1 or more pages) indicating the work completed to date and the anticipated project completion date if different from the current Contract expiration date.

9. Extensions/Amendments: Formal written amendment of the Contract is required for extensions to the final date of the Contract period and changes to terms and conditions specifically stated in the original Contract and any prior amendments, including but not limited to:

- a. revisions to the maximum Contract payment,
- b. the total unit cost of service,
- c. the contract's objectives, services, or plan,
- d. due dates for reports,
- e. completion of objectives or services, and
- f. any other Contract revisions determined material by DEEP.

If it is anticipated that the project cannot be completed as scheduled, a no-cost extension must be requested in writing no later than 60 days prior to the expiration date of the contract. Said extension request shall include a description of what work has been completed to date, shall document the reason for the extension request, and shall include a revised work schedule and project completion date. If deemed acceptable, approval will be received in the form of a contract amendment.

10. Final Report: Within 30 days of the expiration date of this Contract, the Contractor shall submit to the DEEP Project Coordinator a Final Report including documentation, satisfactory to the Commissioner, demonstrating that all the elements of Appendix A have been met.

11. Final Financial Report: Within 30 days of the expiration date of this Contract, the Contractor shall submit a Final Financial Report to the DEEP Project Coordinator, with supporting documentation sufficient to demonstrate expenditures identified in the project proposal. A sample format is attached as Appendix C.

APPENDIX B
SCHEDULE OF PAYMENTS

The maximum amount payable under this Contract is One Million Five Hundred Thousand dollars (\$1,500,000.00).

The payments by the Commissioner shall allow for use of funds to meet allowable financial obligations incurred in conjunction with this Project, prior to expiration of this Contract, and shall be scheduled as follows provided that the total sum of all payments shall not exceed the maximum Contract amount noted above:

Distribution to contractor of \$1,500,000.00 following execution of the contract. Prior to distribution of any contractor's funds the contractor shall seek and receive DEEP approval of the underwriting guidelines, terms, and conditions and shall provide documentation that a dedicated accounting process is in place to manage the revolving fund. Total sum of all payments shall not exceed total Project costs.

Should the Project end prior to the contract termination date or if total Projects costs are less than the amount of payments made, any remaining funds must be refunded to the Connecticut Department of Energy and Environmental Protection through a check made payable to "Treasurer, State of Connecticut" within 90 days of the Contract expiration date

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