CLEAN ENERGY
FINANCE AND INVESTMENT AUTHORITY

AGENDA

Board of Directors of the
Clean Energy Finance and Investment Authority
845 Brook Street, Rocky Hill, CT 06067

Wednesday, June 26, 2013
11:00 - 11:30 a.m.

Staff Invited: Mackey Dykes, Brian Farnen, Bryan Garcia, Dale Hedman, Bert Hunter, and Kerry O'Neill

1. Call to order
2. Public Comments
3. Connecticut Solar Lease 2.0 Program*
4. Adjourn

*Denotes item requiring Board action

Dial +1 (877) 273-4202 Conference Room: 3027682

Next Regular Meeting: Friday, July 19, 2013
Clean Energy Finance and Investment Authority, 865 Brook Street, Rocky Hill, CT

CLEAN ENERGY
FINANCE AND INVESTMENT AUTHORITY

Board of Directors of the Clean Energy Finance and Investment Authority

Agenda Item #1

Call to Order

June 26, 2013

CLEAN ENERGY
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Board of Directors of the Clean Energy Finance and Investment Authority

Agenda Item #2

Public Comments

June 26, 2013

Board of Directors of the Clean Energy Finance and Investment Authority

Agenda Item #3

Solar Lease II

Presented by Bert Hunter (EVP and CIO) and Brian Farnen (General Counsel)

June 26, 2013

Solar Lease II

Stakeholders

Solar Lease II
Goals (1/2)

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Attract private capital

- CEFIA will lend $2.3M in Sub Debt
- CEFIA will invest $7.2M in Sponsor Equity
- US Bank will provide Tax Equity of $23.6M
- Banks led by First Niagara will provide $26.7M Senior Debt
- **>$50 Million in Private Capital**
- $3.5M ARRA-SEP LLR will ensure Senior Debt Coverage is attractive, enabling new private capital providers to enter the space
- **Private : Ratepayer Investment = 5 : 1**

Scale up deployment of solar in CT

- Structure allows pooling of many leases to take advantage of ITC and MACRS depreciation for more affordable installations
- Builds on success of SL1 and Solarize to offer independent contractors a financing product competitive with larger companies
- Will result in significant, new renewable capacity:
  - **11MW** Residential Solar PV
  - **3.1MW** Commercial Solar PV
  - **4,600MMBTU** Solar Thermal

Earn return for ratepayers

- CEFIA's IRR for funds invested (equity + debt) is ~9%
- PBI only released as clean energy is produced, and spread over the first six years of a system's life (first eight years of fund life)
- Investment returns all or most of PBI advanced -- making SL2 "100% financially efficient"
- Capital outlays of subordinated debt and equity spread over three fiscal years (6/2013 - 9/2015)

Create an accessible financial product for local, independent installers in order to support both the widespread adoption of residential and commercial solar photovoltaic (PV) and solar hot water (SHW) and the sustained growth of a clean energy industry in Connecticut

Solar Lease II
Goals (2/2)

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Strengthen and Enhance Supplier Diversity

- Federal Tax code and high transaction costs allows limited access to solar incentives "at scale"
- CEFIA's SL programs level the playing field
  - Contributes to a sustainable PV industry and supplier base in CT
  - More competition will drive PV costs lower – faster!

Deepen Solar Access to more CT residents

- Open to FICO scores ≥640 and up (same as SL1)
  - SL1 average FICO score was over 750
  - ARRA-SEP LLR enables expansion to lower FICO scores with private capital
- SL2 includes access for MUSH & Commercial market including C-PACE secured transactions
- No upfront cost and results in cheaper, cleaner energy

Manage the transition to less ratepayer support

- Gather data on MUSH, Commercial, and residential financial performance
- Participate in capital stack as an investor – paves the way for private capital and lower incentives

Create an **accessible financial product** for local, independent installers in order to support both the **widespread adoption** of residential and commercial solar photovoltaic (PV) and solar hot water (SHW) and the **sustained growth of a clean energy industry** in Connecticut

Solar Lease II
Summary of Roles

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Homeowner*

- Chooses installer
- Makes monthly lease payments to AFC First
- Receives all power generated by system
- Receives net metering revenues
- "Worry-Free" arrangement under the Assurant Warranty Management and Insurance Plan for entire 20-year lease period

Installer

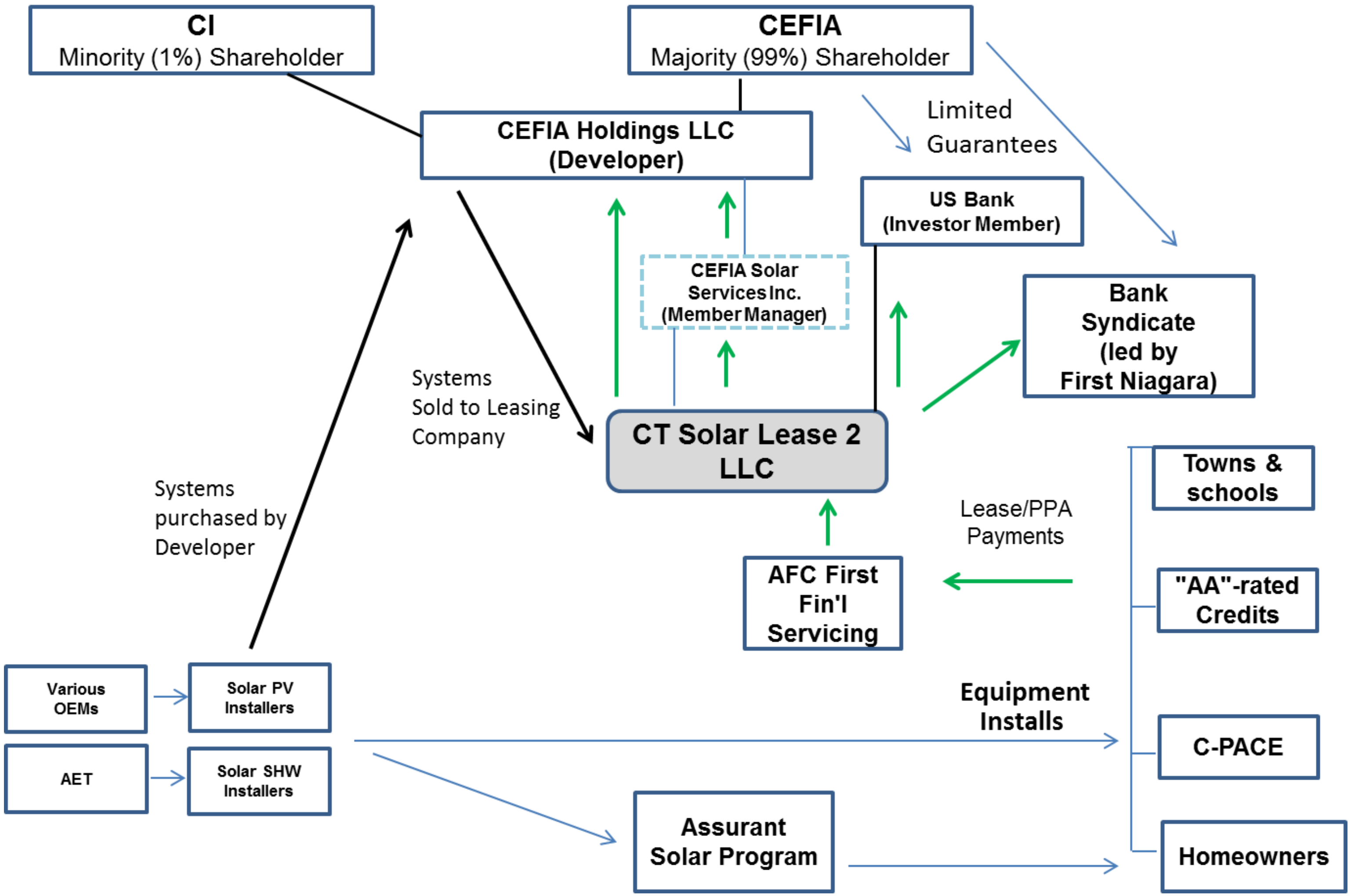
- Sizes, locates & installs system
- Gets paid by CT Solar Lease 2 LLC at completion
- Under **Assurant Plan**, maintains system
  - 6-year warranty period - Installer
  - Thereafter - warranty management

CT Solar Lease 2 LLC

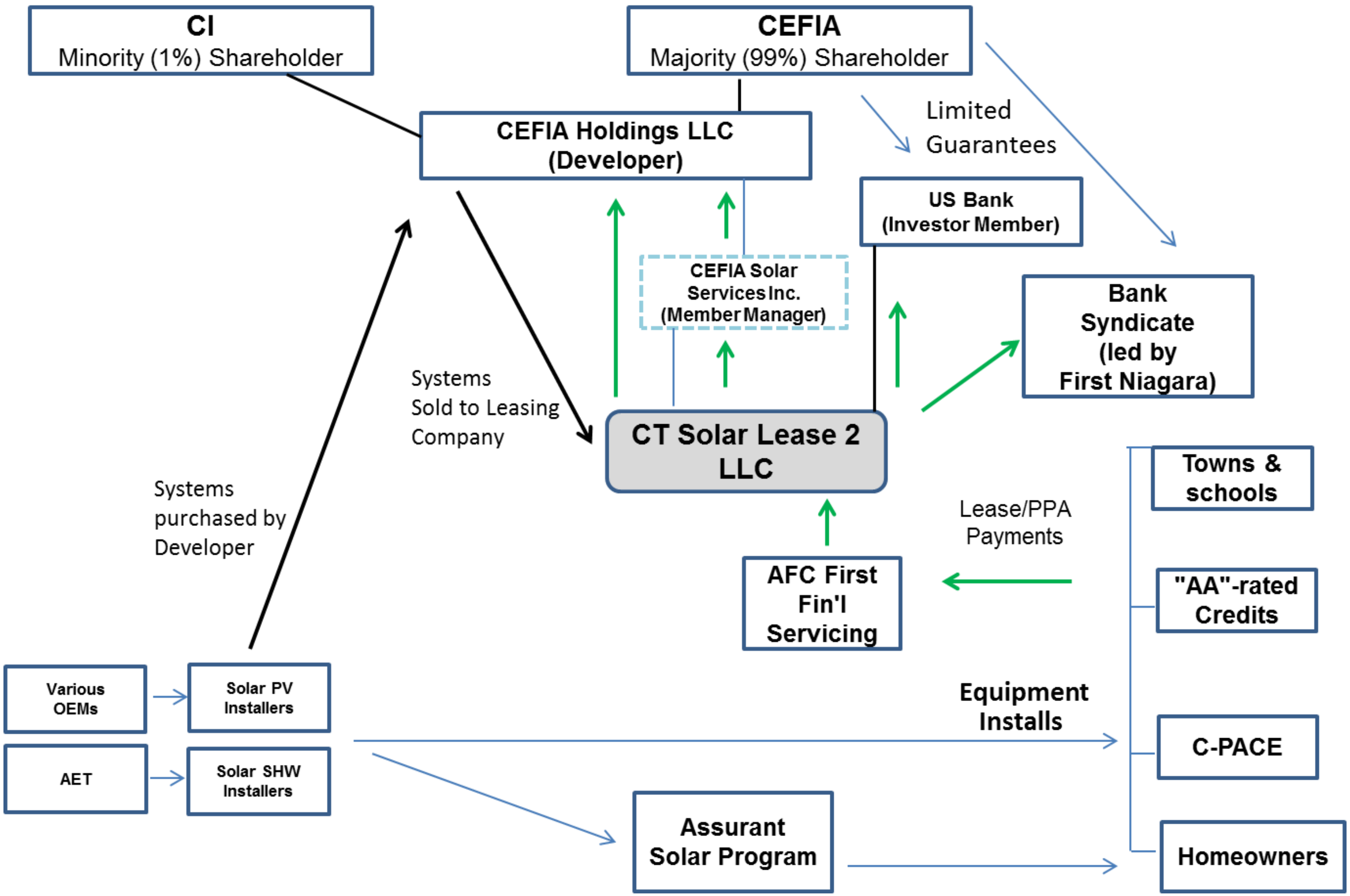
- Owns systems
- Provides funding for residential installations and services bank debt
- Receives monthly lease payments from homeowner (through AFC First)
- Funds the Warranty Management & Insurance Program (through Assurant)
- Markets product through Energize CT platform

* **Similar for Commercial Scale but w/o Assurant Plan**

Solar Lease II
Structure



Solar Lease II
Structure



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Board of Directors of the Clean Energy Finance and Investment Authority

Agenda Item #4

Adjourn

June 26, 2013

CT Solar Lease 2 Program

A Residential, Institutional & C&I Financing Program

Due Diligence Package

Original Submission: November 30, 2012

Final Submission: June 26, 2013

Document Purpose: This document contains background information and due diligence on the CT Solar Lease Program 2 and the organizations involved, including U.S. Bancorp, First Niagara Financial Group, Webster Bank, Liberty Bank, People's United Bank, Reznick Capital Markets Securities, LLC, CohnReznick LLP, Assurant, Inc., AFC First Financial Corporation, Wiggin & Dana LLP and Alternative Energy Technologies. This information is provided to the Board of Directors for the purposes of reviewing and approving recommendations made by the staff of the Clean Energy Finance and Investment Authority.

In some cases, this package may contain among other things, trade secrets, and commercial or financial information given to the Clean Energy Finance and Investment Authority 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.

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Program Qualification Memo

To: Deployment Committee

From: Bryan Garcia, Bert Hunter, Dale Hedman, Ben Healey and Alexandra Lieberman

Date: June 26, 2013 (including original submission dated November 30, 2012)

Re: CT Solar Lease 2 Program

Summary

CT Solar Lease 2 Program builds on the success of CT Solar Lease 1—the nation's first residential PV financing program to combine rate payer funds —through the Connecticut Clean Energy Fund (CCEF)—with private capital provided by U.S. Bank to leverage federal incentives. The program used a combination of solar rebates, investment tax credits, and accelerated depreciation to help Connecticut residents gain access to less-expensive solar energy and lock in electricity costs. The first Solar Lease program ended in late 2011 – and ever since it ended the independent solar PV installer base in CT has been clamoring for CEFIA to reinstate the program, without which they are at a competitive disadvantage vs. the national solar PV leasing companies (e.g., SolarCity, Astrum, etc.). CT Solar Lease Program 2 has successfully achieved every development milestone: (a) the structural design and modeling phase, (b) the capital raise phase, (c) negotiation of the tax equity and lenders' terms and conditions, (d) risk management and (e) final documentation. CEFIA's finance team together with Reznick Group, advisors to CEFIA for the financial structuring and capital raise portion of the program, have fashioned a program design that is as ground-breaking as Solar Lease 1 was five years ago.

At every stage of development, CEFIA's staff requested incremental approval as they proceeded.

Now that all elements of the Solar Lease 2 Program have been defined and documented, CEFIA staff now presents to CEFIA's Board of Directors request for final approval.

Program Description

The CT Solar Lease 2 Program is the successor to the original CT Solar Lease Program which at the time of its release in 2008 was a "first of its kind" program custom designed to meet the goals and objectives of the CCEF and Connecticut residents. That Program, funded by the CCEF and US Bank, was the first state sponsored residential solar leasing program in the United States. A special purpose entity, CT Solar Leasing, LLC contracted with AFC First Financial Corp and Gemstone Lease Management, LLC, to administer and manage the program. The CCEF provided solar rebates as well as debt capital for the CT Solar Lease 1 Program. CT Solar 1 Lease was active from mid-2008 through late 2011. A total of 855 solar PV systems were leased to Connecticut residents. CT Solar 1 Lease was honored by the Clean Energy States Alliance with a State Leadership in Clean Energy ("SLICE") Award in 2012.

CT Solar Lease 1 provided eligible CT homeowners an affordable alternative to the outright purchase of a solar PV system. The CT Solar Lease turned a myriad of complex incentives and financing into a simple monthly payment without a large upfront outlay.

In addition to the advantages offered to Connecticut residents under the first program, CT Solar Lease 2 will offer the following benefits:

Simple monthly payment without a large upfront outlay; however, to be competitive with other lease options in the market, Solar Lease 2 offers both a level payment lease AND an escalating lease with a lower starting price point.

- The program will again reach FICO scores as low as 640 – up until very recently, the national leasing companies did not lease below FICOs of 700 or 720 (recently lowered by SolarCity to 650). Under our first program which reached FICOs as low as 640, repayment experience has been practically without default (2 out of 855 leases). So, importantly, the program is designed to make solar energy systems more accessible and affordable to low and moderate income Connecticut homeowners
- Homeowners will work with qualified installers of their choice, who design systems to meet their needs and will ensure that Connecticut's solar installer base remains robust, diverse and able to reach all Connecticut residents, not just the populations targeted by the larger solar PV leasing companies.
- Homeowners will lease the system for a 20-year period (5 years longer than the first program and competitive with the major national installers) with an option to buy the system or extend the lease for another 5 years at a significantly reduced price. In addition, purchase options will be available after the 5th anniversary of the lease.
- Homeowners will benefit from "one-call" issue resolution backed by a customer care program serviced by Assurant, a $27bn assets leader in specialty insurance products, that provides a one-stop help line for issues – be they equipment-related or caused by perils (such as storms or fire). Installers will be required to stand behind their workmanship for 6 years (up from 5 in SL1) and staff designed a "retainage" system that holds ~2% of the system price in escrow to ensure installer performance (returned to installers after the 6 year installer warranty period).
- Solar hot water systems are eligible under the program – but to get a warranty to match a desired 15-year lease term and to limit OEM risk, staff concluded with the investor member and lenders that a single manufacturer (Alternative Energy Technologies – a "made in America" supplier) should be selected.
- A portion (20%) of the fund proposed to be raised would be available to non-residential end-users:
    - Cities and towns would be eligible for power purchase agreements (PPAs) through the facility for solar PV and solar hot water systems
    - High credit quality companies (rated "AA" or better) would be eligible for the lease program
    - Staff was able to achieve underwriting for C-PACE secured transaction – a major nation-wide breakthrough

As noted above, ever since the first Solar Lease program ended, the independent solar PV installer base in CT has been at a competitive disadvantage vs. the national solar PV leasing companies (e.g., SolarCity, Astrum, etc.). These smaller firms are at a disadvantage not on the basis of the cost of their systems or the quality of their workmanship – but due to complex Federal tax incentives which favor large pools of capital that can take advantage of the 30% investment tax credit (which individual homeowners can also claim) but also accelerated (5-year) depreciation and other structural benefits that lower the cost of capital. The independent installer is unable to compete without an independent source of capital which, like the first Solar Lease program, can aggregate capital requirements and enable these companies to offer "no" or "low" capital outlay leases to homeowners, towns, cities and schools for solar PV and solar hot water systems.

The capital raise CEFIA has achieved differs in three major respects from the first Solar Lease program:

1. In the first program, CEFIA (rather, its predecessor CCEF) provided roughly ***half*** of the capital requirement with the balance provided by US Bank, the tax equity investor.
   In Solar Lease 2 – CEFIA will provide ***only one-sixth*** of this capital requirement – the tax equity investor and local commercial banks will provide the balance – an innovation until now not yet achieved in residential solar PV leasing. CEFIA's capital contributions will be subordinated to the senior lenders.

2. Another difference in the structure is the ownership of the Special Purpose Vehicle (SPV), a de novo organized limited liability company – CT Solar Lease LLC in the first program – that had to be formed to hold the leases that the homeowners and businesses will enter into (as well as PPAs from cities, towns and schools) and to provide the structural mechanism for the capital to be raised from the capital providers, deployed into the solar assets, and for payments to be collected and distributed.

   In the first program, the ownership of the SPV was owned 100% by US Bank, as tax equity provider and engaged Gemstone Group as "Non-Member Manager." In the second program, the ownership is being shared between US Bank, as tax equity provider and an investment subsidiary owned almost 99% by CEFIA (1% by CI to fulfill a statutory requirement).

   This is an important development because this is the mechanism through which ***all ratepayer funds paid in under the performance base incentive (PBI) will be returned to the Connecticut ratepayers that provided these funds in the first instance.***

3. Using $3.5M of repurposed ARRA-SEP funds, CEFIA is able to achieve for the senior lenders a coverage ratio approaching 200%. This Senior Debt Service Coverage Ratio enabled CEFIA to lower the cost of capital raised from the commercial banks.

Strategic Plan

Is the program proposed, consistent with the Board approved Comprehensive Plan and Budget for the fiscal year?

As a "New Program," the Comprehensive Plan specifies that a Residential Clean Energy Financing Program shall be a long-term comprehensive low-interest loan and/or leasing program for clean energy installations (i.e. energy efficiency and renewable energy). Through the use of a combination of repurposed ARRA SEP grant funds and ratepayer funds through the Clean Energy Fund, residential clean energy financing programs will be developed.

The CEFIA Board of Directors approved of $10,000,000 of ratepayer funds and $8,361,600 of ARRA SEP funds to support leases and loan financing programs in the residential sector FY 2013 budget. CT Solar Lease Program 2's commitment of $9.5M of ratepayer funds over three fiscal years ($2.3M FYE 6/2013, $6.1M FYE 6/2014 and $1.1M FYE 6/2015) for financing program purposes and $3.5M of ARRA-SEP funds for a loan loss reserve is consistent with the Board approved Comprehensive Plan and Budget for Fiscal Year 2013.

The CT Solar Lease Program will serve as a financing program to support the Residential Solar Investment Program – a statutorily required program.

Ratepayer Payback

How much clean energy is being produced (i.e. kWh over the projects lifetime) from the program versus the dollars of ratepayer funds at risk?

CEFIA proposes to make the following non-rebate/PBI investments:

- Sponsor Equity as the Managing Member of the LLC in the amount of up to $7.2 M (Ratepayer Funds
- Subordinated Debt in the amount of up to $2.3 M (Ratepayer Funds)

which is expected to produce over 20 years approximately 305 GWh from the solar PV systems (residential and commercial) and save 125,000 MMBTUs from the solar hot water systems (compared to the fuel oil required to produce an equivalent amount of hot water).

Terms and Conditions

What are the terms and conditions of ratepayer payback, if any?

Subject to the development of the term sheet with the tax equity provider and the senior lender(s):

- Sponsor Equity in the amount of up to $7,200,000 (Ratepayer Funds)
    - Repaid to CEFIA through the structure starting in 2014 through 2034
    - IRR of 9%
- Subordinated Debt in the amount of up to $2.3 M (Ratepayer Funds)
    - Yield – US Bank Prime or Minimum 2%
    - Term – 20 Years
    - Interest Only 2013 & 2014 with Level payments of principal and interest commencing in 2015
- Repurposed ARRA-SEP funds of up to $3.5 M (Non-Ratepayer Funds)
    - Available to support senior and subordinated lenders
    - Achieves a Senior Debt Service Coverage Ratio approaching 200% (170% without ARRA)
- Performance Based Incentive of $16 M over nine years
    - Repaid to CEFIA through the structure starting in 2029 through 2034
- Including "investment" of PBI, overall IRR (Sponsor Equity, Subordinated Loan and PBI) ≈ 2%

Capital Expended

How much of the ratepayer and other capital that CEFIA manages is being expended on the program?

CEFIA will provide the following financial resources for the Program:

1. Sponsor Equity in the amount of up to $7.2 M (Ratepayer Funds)

2. Subordinated Debt in the amount of up to $2.3 M (Ratepayer Funds)
3. Repurposed ARRA-SEP funds of up to $3.5 M (Non-Ratepayer Funds)
4. Performance Based Incentive of $15.2 M over nine years (Ratepayer Funds)

Risk

What is the maximum risk exposure of ratepayer funds for the program?

1. Sponsor Equity in the amount of up to $7.2 M (Ratepayer Funds)

2. Subordinated Debt in the amount of up to $2.3 M (Ratepayer Funds)

3. $16.8M of RSIP Performance Based Incentives over 8 years (Ratepayer Funds)

3. Lender Guarantee Undertakings
   a. Lenders' fees & expenses (paid at closing, no additional exposure)
   b. Maintain ARRA-SEP reserve at $3.5M for 24 month "build" period – this is covered by excess and unallocated ARRA-SEP funds.
   c. Maintain Supplemental Reserve at $1.0M for 24 month "build" period – this is covered by "Operating Deficit" undertaking noted below – no incremental exposure.

4. Tax Equity Guarantee Undertakings
   a. US Bank's Commitment Fee – will be funded by SPV … a $200-300,000 risk if SPV lacks funds
   b. Member Manager's Capital Contributions – this is the $7.2M investment – no incremental exposure
   c. ITC Indemnity - Usual and Customary for Tax Equity Investor
   Maximum 102% of US Bank's Investment ($24.1M)
   Caused by foreclosure - can be cured by making debt service payments
   (Net Incremental Exposure $1.6 million – see workup below)
   Effectively ends at the end of the ITC period (6 year from last project)
   d. Operating Deficit Loans not to exceed $3 million - Capped at $3 million - (9 months of debt service & operating expenses)
   Unfunded - Supported by CEFIA's Balance Sheet
   e. Payments re Managing Member's environmental indemnity:
   Theoretical exposure uncapped but this exposure reviewed by CEFIA's both risk management consultant and environmental consultant
   -- Their conclusions:
   (1) the environmental risk is negligible at best
   (2) from the perspective of a risk manager no exposure identified that would warrant the purchase of additional insurance.

For a maximum of $9.5M ratepayer dollars funded at risk for the investment and $16.8M for the PBI (RSIP) plus $4.9M of unfunded exposure at risk, total $31.2M.

The $16.8M would be invested with no return of ratepayer funds if paid to a non-CEFIA sponsored leasing company (such as SolarCity).

So for an investment of $9.5M ratepayer dollars funded at risk for the investment and $4.9M of unfunded exposure at risk, Staff its advisors project $38.9M of ratepayer investment returns, repaying the PBI ($16.8M) and yielding $12.6M of investment return for new program investment over the 20 year horizon.

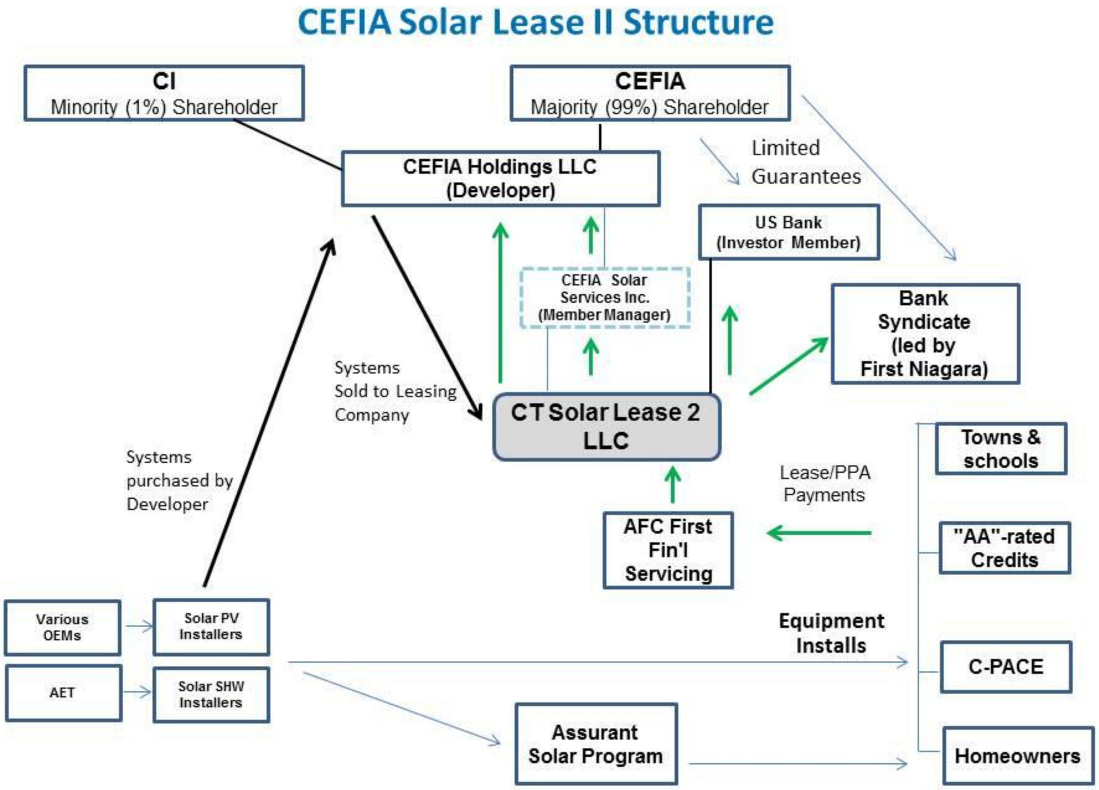
Financial Statements

How is the program investment accounted for on the balance sheet and profit and loss statements?

The investment of sponsor equity is accounted for by a reduction in the CEFIA Cash and Cash Equivalents Account (Current Asset on the Balance Sheet) and a corresponding increase in Equity Investments (Non-Current Asset on the Balance Sheet)

Advances of subordinated debt is accounted for by a reduction in the CEFIA Cash and Cash Equivalents Account (Current Asset on the Balance Sheet) and a corresponding increase in “Subordinated Promissory Notes – Solar Lease Program” (Non-Current Asset on the Balance Sheet)

Capital Flow Diagrams



Target Market

Who are the end-users of the program?

1. State of Connecticut owners of single family homes with FICO scores ≥ 640;
2. Cities and towns would be eligible for power purchase agreements (PPAs) through the facility for solar PV;
3. High credit quality companies would be eligible for the lease program;
4. Companies & multifamily dwellings securing Solar Lease obligations with C-PACE; and
5. Installers of solar PV and solar hot water systems (independent installers AND national firms could BOTH refer applicants to the program) – but particularly useful to independent installers without access to tax equity financing.

CEFIA Role, Financial Assistance & Selection/Award Process

CEFIA's role is to assist its program partners in the overall design and implementation of the program, including capital support, communications and PR of the general program to the solar PV and solar hot water installer base, the general public, cities, towns and school districts.

Program Partners

- U.S. Bank (tax equity provider)
- Local Lenders: First Niagara Financial Group, Webster Bank, Liberty Bank & People's United Bank

- Advisors: Reznick Capital Markets Securities, LLC and CohnReznick LLP (advisors for structuring and capital raising);
- Wiggin & Dana LLP, legal counsel;
- Assurant, Inc., for Warranty Management and Property / Liability insurance;
- AFC First Financial Corporation, as servicer (lease application processing, lease servicing & contractor management); and
- Alternative Energy Technologies, solar hot water OEM

Risks and Mitigation Strategies

Participation of US Bank and Senior Lender(s): CEFIA has secured US Bank for its investment of tax equity for the program and Reznick executed a successful capital raise with CEFIA

Lease Management risk: AFC First Financial has done an excellent job servicing the lease portfolio of the CT Solar Lease 1 Program and administers other loan programs which involve similar functions (managing contractors, taking applications from residents, managing collections, etc.). The company is, in our opinion, adequately capitalized for the business it operates and has been in business for decades.

Origination risk: CEFIA with the experience of the first Solar Lease Program understands all the issues involved with running a successful program. With AFC First Financial's participation and management of the contractor base, which went smoothly in the first program, combined with the pent-up demand for the Solar Lease product, CEFIA staff believes the next Solar Lease program will be as successful, if not more so.

Underwriting risk: CEFIA has had excellent experience with the first Solar Lease product. No parameters are being changed. We believe it is reasonable to assume the next Lease Program will be as successful as the first, however, the 2nd Solar Lease program will benefit from $3.5 M of ARRA-SEP funds to protect against residential lease losses. In addition, the end users for commercial scale transactions will be municipalities rated A3 or higher, corporate credits rated AA or higher and transactions secured through C-PACE.

Operating Procedures

In accordance with CEFIA's Operating Procedures, the CT Solar Lease Program (Version 2.0) is considered as both a Strategic Selection and Award as well as a Competitive Selection and Award.

Strategic Selection and Award

CEFIA is selecting three key program partners for the CT Solar Lease 2 – U.S. Bank as the tax equity provider, AFC First Financial as the originator and servicer of the leases and Alternative Energy Technologies, a solar hot water OEM and the most widely used solar collector system in CEFIA's residential solar hot water program.

The selection of AFC First Financial meets four (4) of the five (5) criteria for Strategic Selection and Award, including:

- **Special Capabilities** – AFC First Financial was the originator and servicer of the pilot CT Solar Lease program. They have not only designed and developed the processing systems for lease transactions, but they have also established working relationships with the installer community in Connecticut. This experience, expertise, and availability provide special value to CEFIA. AFC First Financial is providing support for the CT Solar Lease (Version 2.0) at half the cost of their original pricing in the first version of the program – a price that beats any competition in the marketplace.

- **Uniqueness** – AFC First Financial will provide origination and servicing support for the program. This support will leverage their prior expertise gained in Connecticut through the original lease program, providing unique attributes to the market that will enable the program a greater likelihood of success.

- **Strategic Importance** – AFC First Financial is a leader in residential energy efficiency and renewable energy lending programs. They operate in partnership with a number of states, utilities, and contractors demonstrating a broad market reach and strategic advantages that are important to CEFIA including promoting, installing, and servicing energy efficiency and renewable energy related home improvements through financing programs.

- **Multiphase Project** – with the successful CT Solar Lease pilot program, CEFIA is looking to expand into a next phase of the financing program with the CT Solar Lease 2. Supporting an earlier initiative, AFC First Financial will help CEFIA rollout a larger financing program through the follow-on investment in the CT Solar Lease 2.

It should be noted, that AFC First Financial was selected through a competitive solicitation by the CCEF in 2008 to design and support the CT Solar Lease.

The selection of U.S. Bank meets five (5) of the five (5) criteria for Strategic Selection and Award, including:

- **Special Capabilities** – U.S. Bank is a leader in providing tax equity investment in the renewable energy marketplace, having invested in the first public-private residential solar PV lease program with Connecticut in 2008. Having learned from the Connecticut experience, the bank is now the single largest tax equity investor in the residential solar PV market across the country, having now placed $500 million of investment in private companies like Solar City and Sun Run. The experience, expertise, and availability of providing tax equity capital to support Connecticut's follow-on CT Solar Lease (Version 2.0) program provides special value to CEFIA.

- **Uniqueness** – it is difficult to acquire tax equity investors the size of U.S. Bank. Their continued involvement with CEFIA in a larger residential solar PV lease financing program demonstrates their commitment to the state and will provide high visibility to our "green bank" efforts to attract and deploy private capital to finance the clean energy goals for Connecticut. CEFIA and U.S. Bank have a long-standing history working together, having co-created the original and award-winning CT Solar Lease. The CT Solar Lease (Version 2.0) will not only expand on the original program with solar PV investing in the residential sector, but it will also expand to the institutional sector and offer solar thermal hot water system financing as well – a new and unique element of this program.

- **Strategic Importance** – the investment of U.S. Bank in Connecticut will expand the availability of capital to solar PV installers that will result in increased job creation and environmental benefits stemming from the CT Solar Lease (Version 2.0) program. U.S. Bank is a leader and the industry when it comes to tax equity financing of renewable energy projects and their involvement provides Connecticut with high funding leverage potential.

- **Urgency and Timeliness** – U.S. Bank is ready to invest in Connecticut with CEFIA today. Every year, U.S. Bank makes decisions based on who they are going to partner with in terms of the various tax credit programs they access (i.e. new market tax credit, low income tax credits, renewable investment tax credits, etc.). They want to continue to build on the public-private partnership established with Connecticut through the CT Solar Lease (Version 2.0)

- **Multiphase Project; Follow-On Investment** – with the successful CT Solar Lease pilot program, CEFIA is looking to expand into a next phase of the financing program with the CT Solar Lease (Version 2.0). Investing in an earlier initiative, U.S. Bank will help CEFIA rollout a larger financing program through the follow-on investment in the CT Solar Lease (Version 2.0)

It should be noted, that U.S. Bank was selected through a competitive solicitation by the CCEF in 2008 to provide the tax equity capital for the CT Solar Lease.

The selection of AET meets three (3) of the five (5) criteria for Strategic Selection and Award, including:

- **Special Capabilities** – although there are several solar hot water collector manufacturers in the U.S., AET has a 15 year parts and labor warranty which matched well with program requirements. Other OEM's did not warranty the entire package for longer than 10 years.

- **Urgency and Timeliness** – AET has the program experience with other states (notably Hawaii and Maryland) and the US military. Their familiarity with public-private partnerships enabled AET to be very responsive.

- **Multiphase Project; Follow-On Investment** – with the successful CEFIA solar hot water program (ended due to an exhaustion of incentives) CEFIA is looking to expand into a next phase of the solar thermal market with the CT Solar Lease 2. As CEFIA's largest residential OEM in the earlier initiative, AET will help CEFIA rollout a larger solar hot water financing program through the next project: CT Solar Lease 2.

Resolutions

WHEREAS, the Clean Energy Finance and Investment Authority ("CEFIA") staff has previously presented the Board of Directors of CEFIA (the "Board") with a summary of its plan to reintroduce a Solar Lease Program to build on the success of the first Solar Lease Program and achieve the additional benefits of enabling Connecticut homeowners to work with qualified installers of their choice, ensuring that Connecticut's solar installer base remains robust, diverse and able to reach all Connecticut residents, permit homeowners to lease systems for a 20-year period, permit leasing of solar hot water systems and make a portion (approximately 20%) of the fund proposed available to non-residential end-users (the "Solar Lease Program 2.0").

WHEREAS, CEFIA staff has previously presented the Board with a summary of the proposed Solar Lease Program 2.0, as detailed in the Program Qualification Memo dated November 30, 2012, the Proposal to Complete Development of Solar Lease II dated February 11, 2013, and the Proposal to Establish Special Purpose Holding Company and Special Purpose Subsidiaries dated February 11, 2013, (collectively, the "Program Proposals"), detailing, among other things, the manner in which CEFIA would organize and administer the Solar Lease Program 2.0, including the manner in which it would select program partners to participate in the organization, financing and administration of the Solar Lease Program 2.0.

WHEREAS, at the Board meeting held on February 15, 2013, the Board approved resolutions authorizing the introduction and organization of the Solar Lease Program 2.0 in a manner consistent with the Program Proposals, which such resolutions included the following approvals:

1) Funding for the Solar Lease Program 2.0 in the following amounts:
    a. an amount not-to-exceed \$3.5 million for a Lease/Loan Loss Reserve ("LLR") through the use of repurposed American Recovery and Reinvestment Act State Energy Program ("ARRA-SEP") program funds;
    b. an amount not-to-exceed \$7.2 million for sponsor equity to be invested into the special purpose vehicle to be established for the Solar Lease Program 2.0; and
    c. an amount not-to-exceed \$2.3 million for subordinated debt.

2) Establishment of special purpose vehicles or entities (so-called "SPVs") for the purpose of developing the Solar Lease Program 2.0, among other certain key initiatives of CEFIA.

3) Authorization for CEFIA to secure a non-binding agreement with senior lender(s) and a tax equity investor subject to final approval by the Board.

WHEREAS, CEFIA has successfully coordinated a credit-approved syndicate capital raise with lead bank First Niagara for \$26.7 million in debt financing for the Solar Lease Program 2.0 that is materially consistent with the Program Proposals. The syndicate also includes the following local

Connecticut banks: Webster Bank, Liberty Bank and Peoples United Bank (collectively, the "Bank Syndicate").

WHEREAS, CEFIA has successfully obtained final credit approval from an affiliate of U.S. Bank (the "Tax Equity Investor") to invest approximately $23.6 million in tax equity financing for the Solar Lease Program 2.0 that is materially consistent with the Program Proposals.

WHEREAS, on the date hereof, CEFIA staff presented the Board with a summary of the proposed definitive transaction agreements with the Bank Syndicate and the Tax Equity Investor for the Solar Lease Program 2.0, which such presentation detailed, among other things, the manner in which the transactions contemplated by the proposed definitive agreements materially differs from the Program Proposal, which includes certain limited guarantees made by CEFIA in favor of the Tax Equity Investor and the Bank Syndicate.

WHEREAS, CEFIA staff recommends that the Board approve the proposed definitive transaction agreements with the Bank Syndicate and the Tax Equity Investor for the Solar Lease Program 2.0 and authorize CEFIA to, itself and through certain SPVs organized in connection with the Solar Lease Program 2.0, organize, administer and provide financial assistance for the Solar Lease Program 2.0 in the manner contemplated by such proposed definitive transaction agreements.

WHEREAS, the Board has previously approved the strategic selection of Solar Lease Program 2.0 partners AFC First Financial, as the originator and servicer of the customer agreements, and an affiliate U.S. Bank, as the Tax Equity Investor, because of their special capabilities, uniqueness, strategic importance, urgency and timeliness to act (U.S. Bank only) and the fact that this is a multiphase project building upon our successful partnership from the first Solar Lease Program.

WHEREAS, CEFIA staff recommends that an SPV organized in connection with the Solar Lease Program 2.0 enter into a definitive agreement with AFC First Financial for, among other things, the provision of origination and servicing services for customer agreements in connection with the Solar Lease Program 2.0.

WHEREAS, CEFIA staff recommends Federal Warranty Service Corporation, a subsidiary of Assurant, Inc. ("Assurant") , as a strategic selection to provide warranty management, claims adjudication, and insurance coverage for the residential solar PV and solar thermal leases under the Solar Lease Program 2.0.

WHEREAS, CEFIA staff recommends Alternate Energy Technologies, LLC ("AET") as a strategic selection to be the sole source provider of the solar thermal panels under the Solar Lease Program 2.0.

WHEREAS, CEFIA staff recommends the authorization of payment to Reznick Group, P.C. and its wholly owned subsidiary, Reznick Capital Markets Securities, LLC (collectively, the "Reznick Group") through CT Solar Lease 2 LLC (an SPV organized in connection with the Solar Lease Program 2.0) in the amount of $405,000 for advisory and consulting services regarding the financial and tax aspects of structuring the Solar Lease Program 2.0, coordinating the selection of the Bank Syndicate, and assisting with the negotiation of the definitive agreements with the Tax Equity Investor, the Bank Syndicate and certain other program partners in connection with the Solar Lease Program 2.0.

WHEREAS, CEFIA staff recommends the authorization of payment to the Bank Syndicate through CT Solar Lease 2 LLC in the amount of $319,500 for upfront fees.

NOW, therefore be it:

RESOLVED, that the Board approves the Solar Lease Program 2.0 in the manner described in the Program Proposals and in CEFIA staff's presentation to the Board on the date hereof, including the provision of certain limited guarantees by CEFIA in favor of the Tax Equity Investor and the Bank Syndicate as additional financial assistance in furtherance of CEFIA's investment in the renewable energy sources contemplated by the Solar Lease Program 2.0.

RESOLVED, that the Board approves the definitive transaction agreements with the Bank Syndicate and the Tax Equity Investor for the Solar Lease Program 2.0 and the transactions contemplated thereby and authorizes CEFIA, itself and through the SPVs organized in connection with the Solar Lease Program 2.0, to execute, deliver and perform in the name of and on behalf of CEFIA and such SPVs the definitive transaction agreements with the Bank Syndicate and the Tax Equity Investor for the Solar Lease Program 2.0 and such other definitive agreements contemplated thereby.

RESOLVED, that the Board approves the definitive agreement with AFC First Financial for the provision of origination and servicing services for customer agreements in connection with the Solar Lease Program 2.0 and authorizes CEFIA, through an SPV organized in connection with the Solar Lease Program 2.0, to execute, deliver and perform in the name of and on behalf of such SPV the definitive agreement with AFC First Financial for the Solar Lease Program 2.0.

RESOLVED, that the Board approves Assurant as a strategic selection to provide warranty management, claims adjudication, and insurance coverage for the residential solar PV and solar thermal leases under the Solar Lease Program 2.0 because of their special capabilities, uniqueness, and strategic importance.

RESOLVED, that the Board approves AET as a strategic selection to be the sole source provider of solar thermal panels under the Solar Lease Program 2.0 because of their special capabilities, uniqueness, and strategic importance.

RESOLVED, that the Board approves of the payment to the Reznick Group in the amount of $405,000 for advisory and consulting services regarding the financial and tax aspects of structuring the Solar Lease Program 2.0, coordinating the selection of the Bank Syndicate, and assisting with the negotiation of the definitive agreements with the Tax Equity Investor, the Bank Syndicate and certain other program partners in connection with the Solar Lease Program 2.0.

RESOLVED, that the President, Chief Investment Officer and General Counsel of CEFIA; and any other duly authorized officer of CEFIA, is authorized to execute and deliver on behalf of CEFIA or any of the SPVs organized in connection with the Solar Lease Program 2.0 any of the definitive agreements described in the foregoing resolutions and any other agreement, contract, legal instrument or document as he or she shall deem necessary or appropriate and in the interests of CEFIA and the ratepayers in furtherance of the Solar Lease Program 2.0 and in order to carry out the intent and accomplish the purpose of the foregoing resolutions.

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

US Bank

Mission

One of the largest commercial banks in the US, focused on customer satisfaction while employing prudent risk controls, careful management and use of shareholders' capital and maintaining disciplined, efficient operations.

Programs/Programmatic Strengths/Service Area

U.S. Bancorp is a diversified financial services holding company and parent company of U.S. Bank National Association, the nation's fifth-largest commercial bank. U.S. Bancorp was named Fortune Magazine's 2011 Most Admired Superregional Bank and the fifth Most Admired company in management quality in the world. Recognized for its strong financial performance, prudent risk management, capital generation and product quality, U.S. Bancorp provides a wide range of financial services for consumers, businesses, government entities and other financial institutions. U.S. Bank's branch network serves 25 states, and they offer regional consumer and business banking and wealth management services, national wholesale and trust services and global payments services to more than 17.4 million customers. Headquartered in Minneapolis, U.S. Bank was founded in 1863 under National Charter #24 and is the nation's second oldest bank operating under its original charter. The company will celebrate its sesquicentennial in 2013. U.S. Bancorp employs 63,000 people.

Strategic Needs Addressed by the Proposed Program & Experience with Similar Programs

Renewable energy finance is a strategic focus for US Bank. US Bank has been active in the renewable energy space for the past four years, leveraging its expertise in other areas of tax credit investing, underwriting and asset management. Since 2008, they have committed more than $700 million of tax equity in support of renewable energy projects and have made solar energy available to over 20,000 homeowners across the nation.

US Bank invests in a variety of solar projects: from large utility-scale installations to distributed commercial systems, and have also financed several wind developments. An important part of US Bank's business has been creating residential solar funds with national solar installers like Sunrun and SolarCity, but their first solar PV tax equity fund was the Solar Lease Program developed by CCEF.

Leadership & Board of Directors

Richard K. Davis
Chairman, President and Chief Executive Officer of U.S. Bancorp.
Andrew Cecere
Vice Chairman and Chief Financial Officer of U.S. Bancorp.
Richard J. Hidy
Executive Vice President and Chief Risk Officer of U.S. Bancorp.

Financial Condition/Funding Sources & Stability

U.S. Bancorp At A Glance

Ranking	U.S. Bank is 5th largest U.S. commercial bank
Asset size	$340 billion
Deposits	$231 billion
Loans	$210 billion
Earnings per common share (diluted)	$2.46
Return on average assets	1.53%
Return on average common equity	15.8%
Customers	17.4 million
Bank branches	3,085
ATMs	5,053
Consumer and business banking and wealth management	Regional
Wholesale banking and trust services	National
Payment services, merchant processing and corporate trust	International
NYSE symbol	USB
Year founded	1863

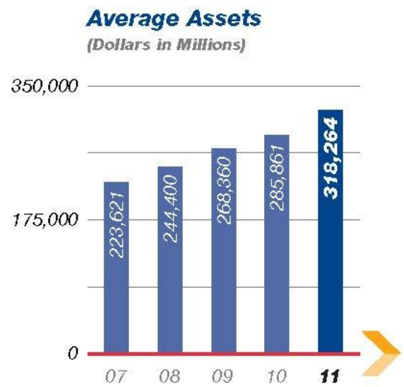


TABLE 20 *Debt Ratings*

	Moody's	Standard & Poor's	Fitch	Dominion Bond Rating Service
U.S. Bancorp				
Short-term borrowings			F1+	R-1 (middle)
Senior debt and medium-term notes	Aa3	A	AA-	AA
Subordinated debt	A1	A-	A+	AA (low)
Preferred stock	A3	BBB+	A	A
Commercial paper	P-1	A-1	F1+	R-1 (middle)
U.S. Bank National Association				
Short-term time deposits	P-1	A-1	F1+	R-1 (high)
Long-term time deposits	Aa2	A+	AA	AA (high)
Bank notes	Aa2/P-1	A+/A-1	AA-/F1+	AA (high)
Subordinated debt	Aa3	A	A+	AA
Senior unsecured debt	Aa2	A+	AA-	AA (high)
Commercial paper	P-1	A-1	F1+	R-1 (high)

TABLE 22 *Regulatory Capital Ratios*

At December 31 (Dollars in Millions)	2011	2010
U.S. Bancorp		
Tier 1 capital	$29,173	$25,947
As a percent of risk-weighted assets	10.8%	10.5%
As a percent of adjusted quarterly average assets (leverage ratio)	9.1%	9.1%
Total risk-based capital	$36,067	$33,033
As a percent of risk-weighted assets	13.3%	13.3%
Bank Subsidiaries		
U.S. Bank National Association		
Tier 1 capital	9.6%	9.0%
Total risk-based capital	12.5	12.4
Leverage	8.1	7.7
U.S. Bank National Association ND		
Tier 1 capital	13.4%	14.1%
Total risk-based capital	16.4	17.2
Leverage	12.9	13.7
Bank Regulatory Capital Requirements	Minimum	Well-Capitalized
Tier 1 capital	4.0%	6.0%
Total risk-based capital	8.0	10.0
Leverage	4.0	5.0

First Niagara Financial Group

First Niagara Corporate Profile

Strong Regional Banking Franchise in the Northeast

Strong Profitability, Credit Quality and Capital Position

- $37 billion in assets
- $28 billion in deposits
- $20 billion in loans
- TRB Capital: 11.2%
- 430 Branches
- +730,000 Customers
- +5,900 Employees

	Moody's	Standard & Poor's	Fitch
First Niagara Financial Group Inc.			
LT Issuer	Baa2	BBB	BBB-
First Niagara Bank, N.A.			
LT Issuer	NR	BBB+	BBB-
LT Deposits	Baa1	NR	BBB+
ST Deposits	P-2	NR	F3

- First Niagara is headquartered in Buffalo, New York
- In April 2011, First Niagara completed its merger with NewAlliance Bancshares, Inc. ("NewAlliance"), further accelerating FNFG's growth plan
- In May 2012, First Niagara acquired HSBC's Upstate New York and Connecticut branches, which added more than 100 former HSBC branches and expanded First Niagara's presence in New York and Connecticut

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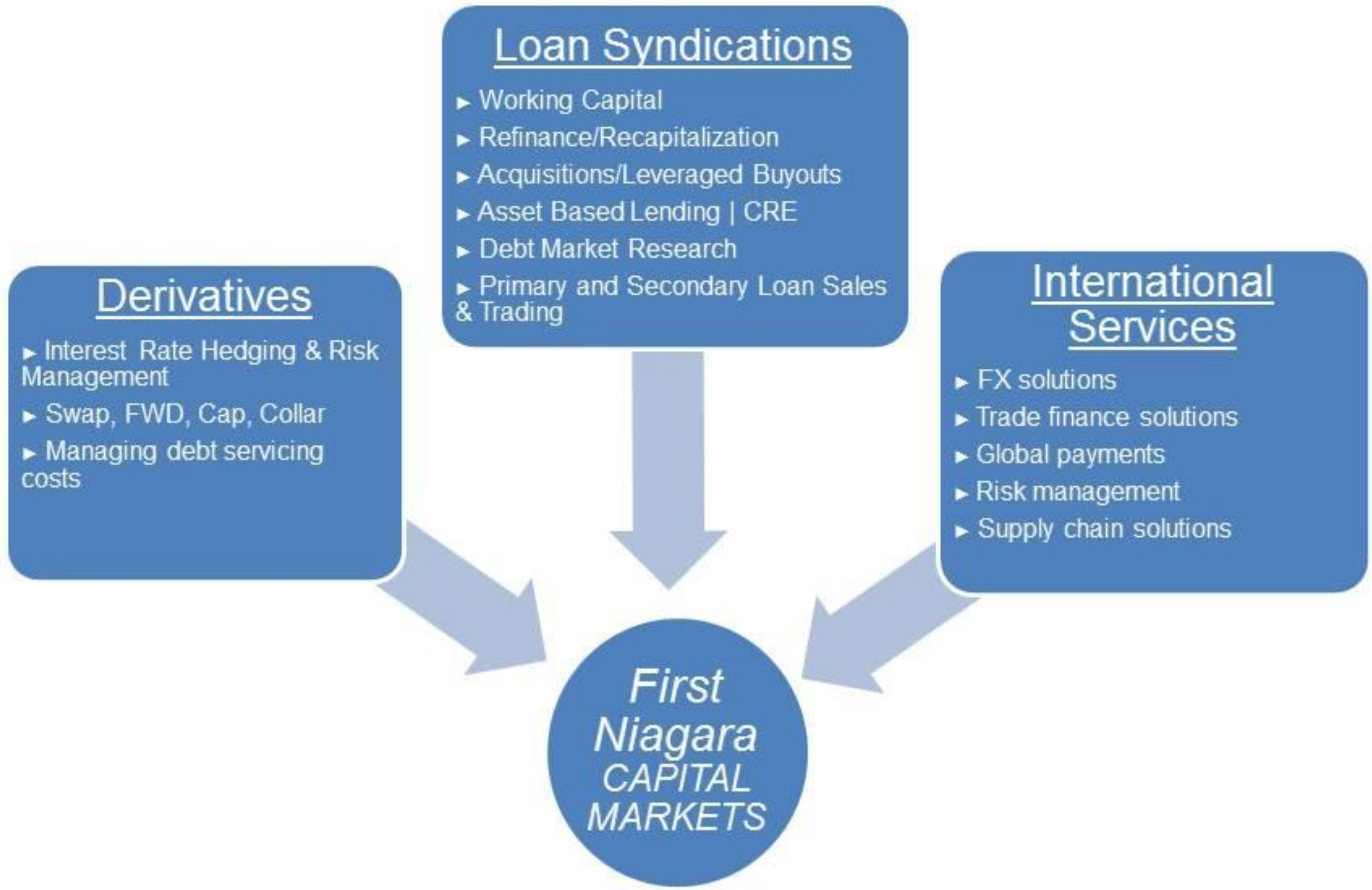
FIRST NIAGARA

First Niagara Capabilities

- First Niagara provides a wealth of financial services and products to a diverse customer base across Upstate New York, Pennsylvania, Ohio, New Jersey, Connecticut and Massachusetts
- Through acquisitions of National City Bank's western Pennsylvania operations, Harleysville National Bank, NewAlliance and HSBC's upstate New York branches, FNFG has expanded its platform for growth and become a regional financial service provider with significant commercial banking operations
- Substantial excess capital under Basel III guidelines
- Poised for additional growth opportunities with scalable platform

First Niagara Capital Markets Capabilities



Why First Niagara?

- **Relationship Approach and Involvement of Senior Management**

  First Niagara's Capital Markets group works closely with its relationship managers to provide a turn key approach to our client's financial needs. Our ultimate objective is to better understand and meet the needs of the client. First Niagara supports its syndications with a significant hold position. As part of our overall Relationship Approach, our senior management is actively involved with deal team members, ensuring our clients' needs will always be a top priority.

- **Consistent Provider of Innovative Ideas**

  First Niagara will tailor a capital structure to help the client meet its business objectives. Products include financing for acquisitions, recapitalizations, working capital, management buyouts and capital expenditures. As a trusted financial advisor, we are committed to partnering with the Company to achieve strategic objectives and acting quickly to seize opportunities for the Company's business.

- **Strong Distribution Network**

  First Niagara has ongoing relationships with investors including banks, CLO's, mutual funds, insurance companies, hedge funds, mezzanine funds and business development companies.

- **Proven Execution Expertise**

  We have proven abilities to execute transactions for clients ranging in size from small middle market companies needing a two-bank club deal to multi-million dollar companies that must tap both the bank and institutional investor markets. In addition to our capital raising capabilities, the Capital Markets group provides customized risk management solutions through our Derivative and International Services groups.

- **Experienced Professionals**

  Our Capital Markets group includes 18 professionals with experience in leveraged finance, lender finance, asset-based finance, derivatives, sales and trading. These professionals form a unified team with First Niagara relationship management to structure, distribute and service transactions.

Loan Syndications | *Recent Transactions*

Viking Yacht Company $42,000,000 Senior Credit Facilities Lead Arranger and Administrative Agent FIRST NIAGARA In Syndication	Ashbrook Realty Obligated Group $33,700,000 Senior Credit Facilities Lead Arranger and Administrative Agent FIRST NIAGARA In Syndication	Brightview North Andover, LLC $27,336,000 Senior Credit Facilities Lead Arranger and Administrative Agent FIRST NIAGARA In Syndication	Cortland Regional Medical Center $21,300,000 Senior Credit Facilities Lead Arranger and Administrative Agent FIRST NIAGARA February 2013
Targhee, Inc. $56,841,425 Senior Credit Facilities Lead Arranger and Administrative Agent FIRST NIAGARA February 2013	TAL International Container Corporation $86,500,000 Senior Credit Facility Lead Arranger and Administrative Agent FIRST NIAGARA January 2013	Victory Brewing Company $33,100,000 Senior Credit Facilities Lead Arranger and Administrative Agent FIRST NIAGARA October 2012	RLC Security, Inc. $45,000,000 Senior Secured Revolving Credit Facility Lead Arranger and Administrative Agent FIRST NIAGARA September 2012

AFC First Financial Corporation

Mission

AFC First Financial Corporation (AFC First), founded in 1947 and based in Allentown, PA, is a national leader in residential energy-efficiency and renewable lending and rebate programs. Nationally it operates its EnergyLoan® www.energyloan.net program, in partnerships with states, utilities, manufacturers and municipalities. Programs are offered through a network of over 3,000 Approved Contractors – companies involved in selling, installing and servicing high efficiency heating, air conditioning, weatherization and "whole house" remodeling and alternative energy related home improvements.

Programs/Programmatic Strengths/Service Area

AFC First presents a unique combination of historical consumer loan experience, energy industry knowledge and a highly regarded focus on contractor/dealer training and due diligence. It is qualified and experienced in consumer loan and rebate program development and underwriting and servicing of energy related loans and rebates. AFC First has worked regionally with HVAC and other energy related contractors for over sixty years. It expanded its EnergyLoan® program multi-state in 1999, when it became one of a handful of FannieMae Approved Energy lenders, and has developed a network of over 2,000 Approved EnergyLoan® contractors in twenty states. AFC has partnered with Nova Bank, a $650 million commercial bank to facilitate the national expansion of its EnergyLoan® platform and can readily perform services in any state. The following services are offered:

- Centralized loan approval and underwriting
- 24/7 acceptance of consumer loan applications
- Customer service call center
- Loan funding & contractor disbursements
- Qualifying improvement completion verification
- Loan servicing monthly billing statements
- Loan servicing including all payment processing and collections
- Loan default management
- Contractor recruitment, screening and approval
- Maintenance of the contractor database
- Maintenance of the consumer loan and incentive database
- Contractor training and compliance
- Creation and maintenance of the program website
- Print marketing portal for contractor customization and fulfillment of program materials
- Creative work for all contractor and consumer program marketing materials used in normal course of program marketing materials
- Program public relations
- Energy related program statistics and reporting (program specific)
- Sponsor reporting

- Rebate Processing

AFC First manages energy efficiency finance which are often integrated with rebate programs for several utility, manufacturers and other sponsors including:

- West Penn Power Sustainable Energy Fund Geothermal Rebate Program
- National Grid (New York, Massachusetts, Rhode Island)
- Duke Energy (Ohio)
- Progress Energy (South Carolina and North Carolina)
- UGI
- South Jersey Gas
- New Jersey Natural Gas
- Energy Kinetics
- CEFIA/Connecticut Clean Energy Funds
- Independent Connecticut Petroleum Association
- EPA/Energy Star (featured program)
- U.S. Department of Energy (model program)

Strategic Need(s) Addressed by the Proposed Program

AFC First has been selected due to its quality performance with the first Solar Lease Program. It has continue to grow and improve its infrastructure which has resulted in expanded national presence.

Leadership & Board of Directors

PETER J. KRAJSA is Chairman/CEO of AFC First Financial Corporation

JOHN M. HAYES, President/COO

JULIE A. UNGER, VP of Operations

Financial Condition/Funding Sources & Stability

See "Solar Lease 2 Program – Confidential – AFC First Financial Corporation"

Experience with Similar Programs

AFC First has successfully provided all lease administration services in the first CT Solar Lease Program. In addition, AFC First is one of three approved Fannie Mae Energy lenders in the U.S. It is the administrator for Pennsylvania's Keystone HELP Energy Efficiency Loan and Rebate Program, the state's official ENERGY STAR® and energy efficiency program, in cooperation with the Pennsylvania Treasury, DEP and PHFA. AFC First worked with DEP to create the rebate program which accompanied the expansion of Keystone HELP in 2009.

Reznick Capital Markets Securities, LLC

Mission

Reznick Capital Markets Securities provides access to a national network of investors, owners and operators. They help renewable energy and real estate project developers meet their goals and capital requirements.

Programs/Programmatic Strengths/Service Area

Reznick Capital Markets Securities, LLC, part of the Reznick Group, has extensive capabilities in helping renewable energy and real estate developers meet their financial needs and capital requirements. For energy developers, Reznick Capital Markets Securities helps to identify the best possible solutions for tax equity, equity, debt, asset sales or purchases (either directly or through sale-leasebacks). In commercial real estate, it connects clients with appropriate private equity funds, pension funds, family offices, foreign and domestic banks, life companies, and newly formed CMBS platforms.

Strategic Need(s) Addressed by the Proposed Program

CEFIA's need for an advisor with specialized expertise in tax equity and debt raising fits perfectly with Reznick's strategic focus helping renewable energy developers meet their financial needs and capital requirements. Reznick is a service organization who qualified to provide services to CEFIA through an RFP in August 2012.

Leadership & Board of Directors

Rob Sternthal, President
Michael Hartman - Managing Director
Conor McKenna, Vice President

Financial Condition/Funding Sources & Stability

Part of the Cohn/Reznick Group, the 11th largest accounting firm in the nation. See Cohn/Reznick section.

Experience with Similar Programs

Reznick's clients include investors, entrepreneurs, developers and independent power producers committed to the development of renewable energy infrastructure. Today, their technology focus is Wind, Solar, Geothermal, Biomass, and Energy Efficiency.

Reznick serves large investment groups and modest size investment syndications, major traditional energy firms desiring to enter the new renewable markets and smaller independent power producers with new technologies. Their work includes service to developers of all sizes, installers and various manufacturers in the renewable energy field. These industries and technologies include solar, geothermal, wind and biomass. They have done other energy-related work including advising clients on energy-related transactions including matching renewable projects with tax equity investors, raising capital, mergers and acquisitions within the renewable energy sector, and maximizing public policy to promote and reward low-carbon solutions as well as helping with energy tax credit financing with current clients. Reznick Group’s energy tax credit professionals are highly respected and possess national reputations with tax credit equity investors and tax credit project lenders who are increasingly interested in the growing market for renewable energy projects. Their professionals also assist clients with highly sophisticated energy deal structures, including deals that combine multiple federal tax credit incentives, such as new markets, low-income housing and historic/ rehabilitation tax credits. Examples of the types of organization served by their renewable energy and energy tax credit practice include:

Renewable Energy Equipment Suppliers and Installers

Organizations Seeking to Install Equipment

Renewable Energy Project Developers

Renewable Energy Investors

LIHTC Clients

GAAP-Driven SEC Companies Involved in Renewable Energy Projects

Electric Utilities

CohnReznick LLP

Mission

Public accounting, tax and advisory firm

Programs/Programmatic Strengths/Service Area

CohnReznick serves a large number of industries and offers specialized services for Fortune 1000 companies, middle-market firms, international enterprises, government agencies, not-for-profit organizations, and other key market sectors.

Strategic Need(s) Addressed by the Proposed Program

Cohn Reznick is a service organization who qualified to provide services to CEFIA through an RFP in August 2012.

Leadership & Board of Directors

Kenneth E. Baggett, CPA
Thomas J. Marino, CPA
Co-CEOs

Financial Condition/Funding Sources & Stability

J.H. Cohn LLP and Reznick Group, P.C., prior to the merger were two of the top-20 accounting and consulting firms in the U.S. In October, they announced the completion of their combination, forming CohnReznick LLP. CohnReznick is now the 11th largest firm in the country with 25 offices, 2,000 employees and combined revenues of more than $450 million, 2,000 employees, 280 partners and 25 offices.

The combination establishes broad geographic reach for the new firm with headquarters in New York and offices from Boston to Atlanta on the East Coast; Sacramento, Los Angeles and San Diego on the West Coast; and a growing presence in Austin and Chicago. The firm also has offices in Chennai, India and Cayman Islands, and is a member of Nexia International, the 10th largest global accounting, tax and advisory network.

Experience with Similar Programs

See Reznick Capital Markets Securities, LLC

Reference Checks (if necessary)

Reznick Group is:

Registered with the Public Company Accounting Oversight Board (PCAOB);

A member of the Securities and Exchange Commission's (SEC) Practice Section and the Private Companies Practice Section of the American Institute of Certified Public Accountants (AICPA);

A member of the AICPA Major Firms Group, which includes firms with 50 or more AICPA members (excluding the “Big Four” firms);

A charter member of the International Group of Accounting Firms (IGAF);

Consistently named a “Best of the Best Firm” by Inside Public Accounting (formerly, Bowman’s Accounting Report) on its list of the Top 25 Best Firms;

Ranked 13th largest accounting firm in the US — Inside Public Accounting 2009

Rated Top 10 national firm — Public Accounting Report

Honored as “Fastest Growing Top 20 Accounting Firm“— Financial Week and Public Accounting Report

National “All Star" Accounting Firm for Best Long-Range Planning — Inside Public Accounting

2002 – 2009 “Best of the Best Firm” — Inside Public Accounting

Due Diligence Questions

Question #1 – Will CEFIA be able to market the leases?

Why question asked:

Assumptions in the CEFIA model require over 1,500 residential solar leases to be written over two years. This would more than double Connecticut's current installed base under the RSIP.

Response:

While aggressive, CEFIA believes that a confluence of factors will contribute to the rapid uptake of residential PV. Solarize, now in its pilot phase, has resulted in price decreases per installed watt of 25% or more and has educated homeowners about the benefits of solar. This not only has allowed for more competitive pricing in the lease product but also will translate into greater customer awareness and easier customer acquisition for installers. Additionally, the approved contractor base has expanded by 340% since December 2008, and the number of installations has grown by an average of 303% year-over-year since 2004. These trends suggest a growing industry supported by increasing demand.

Program Implementation Plan

Human Resources

CEFIA Office of General Counsel together with **CEFIA Office of the Chief Investment Officer** have worked with US Bank, AFC First Financial, Reznick and outside counsel to negotiate, draft and execute all investment, loan and program documentation.

CEFIA Office of the Chief Investment Officer together with the **Deployment Committee** will track metrics and targets based on regular reporting from AFC First Financial.

CEFIA Marketing and Outreach Departments will work with AFC First Financial in ensuring the correct parties and language are represented on collateral pieces. CEFIA staff will also support the demand for the CT Solar Lease through programs such as Solarize Connecticut.

Deployment Department – will continuously provide AFC First Financial a certified list of qualified solar contractors.

Financial Resources

CEFIA will provide the following financial resources for the Program:

1. Sponsor Equity in the amount of up to $7,200,000 (Ratepayer Funds)
2. Subordinated Debt in the amount of up to $2,300,000 (Ratepayer Funds)
3. Repurposed ARRA-SEP funds of up to $3,500,000 (Non-Ratepayer Funds)

Metrics, Targets, Measurement, Verification & Reporting

Targets:

- The proposed structure will leverage third-party capital to CEFIA funds 5:1.
- Assuming a 7kW system on average, translating to an average $22,824 loan, the facility will result in 11,750 MWh of clean energy produced and $1.7 M saved annually for 1,560 homeowners (7.5 MWh and $1,100 gross savings per household; 114MWh and $13,500 gross savings per commercial installation)

Metrics: CEFIA will collect data on the following:

- Lease acceptance and declination rate
- Average lease size
- Repayment rate
- Actual energy savings and clean energy production ($ and kwh)
- Default rates