



CLEAN ENERGY
FINANCE AND INVESTMENT AUTHORITY

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Stamford, Connecticut 06901

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November 8, 2013

Dear Clean Energy Finance and Investment Authority Board of Directors:

Our next meeting of the Board of Directors will be on Friday, November 15 from 9:30 to 11:00 a.m. in the board room of Connecticut Innovations at 865 Brook Street, Rocky Hill, CT 06067.

Please note that we will be starting at 9:30 and ending at 11:00 a.m.

We have a full agenda, including:

- **Budget and Operations Committee** – recommendation to approve the staff proposed revision to the Sick Leave Bank policy. The Budget and Operations Committee met this week and will be bringing forth their recommendation of a revised Sick Leave Bank Policy.
- **2014 Schedule of Meetings** – given the discussion at the last Board meeting, we have revised the 2014 schedule of meetings to increase the number of board meetings from four (4) to six (6) a year and to schedule a meeting immediately after a quarter so that progress on the annual targets by sector can be discussed. There will be a recommendation to approve the 2014 schedule of meetings for the Board of Directors and its Committees.
- **C-PACE Transactions** – we will be recommending the approval of several C-PACE transactions – two 250 kW solar PV installations at a plaza in East Windsor – and bringing forth our recommendation for the sell-off of C-PACE transactions to a private investor. This is a very exciting time for the C-PACE team. The staff recommendation on the sell-off of transactions will be the first time such a transaction has occurred in the country. This transaction will not only demonstrate the impact the “green bank” model is having on clean energy deployment in Connecticut, but it will also establish a standard for such transactions across the country and propel CEFIA into a nationally recognized leadership role.
- **Class I REC Asset Portfolio** – given the extraordinary success we are having with the Residential Solar Investment Program (RSIP), we are producing a large Class I renewable energy credit (REC) asset portfolio for CEFIA’s balance sheet. The RECs that we are generating are an asset that can be sold to generate additional revenues into CEFIA for further investment to support our organization as well as the implementation of our two-year Comprehensive Plan and the implementation of the Comprehensive Energy Strategy.

- **Executive Session** – the Board will discuss my performance assessment for FY 2013. You have all provided your feedback to the Chair, and I have met with Commissioner Smith and Commissioner Esty to review my performance.

You will note that the financial statements through September of 2013 are included in the materials. As we are bringing forth the FY 2013 audit in December, we will plan on having a more thorough discussion on our financial position then.

These are exciting times at CEFIA. As we approach the end of 2013, I can't help but feel that we are continuing to build momentum behind our "green bank" endeavor and that the rest of the country will soon know what impact such an approach can make on "delivering cleaner, cheaper, and more reliable sources of energy while creating jobs and supporting local economic development".

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

Have a great long weekend honoring our veterans. We look forward to seeing you next week.

Sincerely,

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

Bryan Garcia
President and CEO



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AGENDA

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

Friday, November 15, 2013
9:30-11:00 a.m.

Staff Invited: Andy Brydges, Mackey Dykes, Brian Farnen, Bryan Garcia, David Goldberg, Dale Hedman, Bert Hunter, Kerry O'Neill, and Genevieve Sherman

1. Call to order
2. Public Comments – 5 minutes
3. Approval of meeting minutes for October 18, 2013 meeting* – 5 minutes
4. Update from the President – 5 minutes
5. Committee Updates and Recommendations* – 15 minutes
 - a. Budget and Operations Committee*
 - b. 2014 Schedule of Board and Committee Meetings*
6. Commercial and Industrial Sector Program Updates and Recommendations* – 30 minutes
 - a. Program Update
 - b. Sofia's Plazas I and II (East Windsor, CT)*
 - c. C-PACE Sell Down*
7. Statutory and Infrastructure Sector Program Updates* – 15 minutes
 - a. Program Update
 - b. Class I REC Portfolio from the Residential Solar Investment Program*
8. Executive Session for Personnel Matter* – 15 minutes
9. Adjourn

*Denotes item requiring Board action

Join the meeting online at <https://www4.gotomeeting.com/join/357781127>

Dial +1 (805) 309-0011

Access Code: 357-781-127

***Next Regular Meeting: Friday, December 20, 2013
Clean Energy Finance and Investment Authority, 865 Brook Street, Rocky Hill, CT***



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RESOLUTIONS

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

Friday, November 15, 2013
9:30-11:00 a.m.

Staff Invited: Andy Brydges, Mackey Dykes, Brian Farnen, Bryan Garcia, David Goldberg, Dale Hedman, Bert Hunter, Kerry O'Neill, and Genevieve Sherman

1. Call to order
2. Public Comments – 5 minutes
3. Approval of meeting minutes for October 18, 2013 meeting* – 5 minutes

Resolution #1

Motion to approve the minutes of the Board of Directors meeting for October 18, 2013.
Second. Discussion. Vote.

4. Update from the President – 5 minutes
5. Committee Updates and Recommendations* – 15 minutes
 - a. Budget and Operations Committee*

Resolution #2

RESOLVED, that the Board of Directors approves of the Budget and Operations committee recommendation to revise the CEFIA Employee Handbook for the Sick Leave Bank policy marked in **bold**:

The CEFIA Sick Leave Bank is a pool of sick days that has been established by employees of CEFIA who have made a donation of their accumulated sick days. The Bank is available to members to draw up to ten (10) eight- hour sick days per year in the unfortunate event that they experience a qualified illness or injury.

Sick Leave Bank members will receive benefits in the form of paid sick leave if all of the following requirements are met:

- the member has a medical condition that prevents them from working that has been verified by a Medical Certificate OR a member's immediate family member has a medical condition that has been verified by a Medical Certificate and requires the Sick Leave Bank member's care;
- the member has been out on approved medical leave (paid or unpaid) as described above for at least two consecutive weeks;
- the member has exhausted all of their sick, ~~vacation~~, personal leave and compensatory time;
- **the member has exhausted all of their vacation time in excess of 30 days (or 240 hours)**
- the member has not been disciplined for an absence-related reason for the past 12 months; **provided however, a committee comprised of Senior Management and Human Resources may waive this requirement;**
- the member has completed a Sick Leave Bank Withdrawal Request Form and it has been approved by human resources

b. 2014 Schedule of Board and Committee Meetings*

Resolution #3

Motion to approve the regular meeting schedule of the Board of Directors, Audit, Compliance and Governance Committee, Budget and Operations Committee, and Deployment Committee for 2014 for the Clean Energy Finance and Investment Authority. Second, Discussion. Vote.

6. Commercial and Industrial Sector Program Updates and Recommendations* – 30 minutes

- a. Program Update
- b. Sofia's Plazas I and II (East Windsor, CT)*

Resolution #4

WHEREAS, Pursuant to Section 157 of Public Act No. 12-2 of the June 12, 2012 Special Session of the Connecticut General Assembly and as amended (the "Act"), CEFIA 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 CEFIA Board of Directors has approved a \$40,000,000 C-PACE construction and term loan program;

WHEREAS, CEFIA seeks to provide a \$1,001,298 construction and (potentially) term loan under the C-PACE program to Sofia's Plazas LLC, the property owner of 2 North Road and 122 Prospect Hill Road, East Windsor, CT (the "Loan"), to finance the construction of specified clean energy measures in line with the State's Comprehensive Energy Strategy and CEFIA's Strategic Plan;

NOW, therefore be it:

RESOLVED, that the President of CEFIA and any other duly authorized officer of CEFIA, is authorized to execute and deliver the Loan in an amount not to be greater

than one hundred ten percent of the Loan amount with terms and conditions consistent with the memorandum submitted to the Board of Directors dated November 8, 2013, and as he or she shall deem to be in the interests of CEFIA and the ratepayers no later than 90 days from November 15, 2013; and

RESOLVED, that before executing the Loan, the President of CEFIA and any other duly authorized officer of CEFIA 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.

RESOLVED, that the proper CEFIA 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 instrument.

c. C-PACE Sell Down*

Resolution #5

WHEREAS, Pursuant to Section 157 of Public Act No. 12-2 of the June 12, 2012 Special Session of the Connecticut General Assembly (the "Act"), CEFIA is directed to, amongst other things, to establish a commercial sustainable energy program for Connecticut, known as Commercial Property Assessed Clean Energy ("C-PACE") and CEFIA established the C-PACE program;

WHEREAS, the Board of Directors previously passed resolutions authorizing the establishment of a \$40 million construction and term loan facility in support of the C-PACE program to fund C-PACE transactions approved at the requisite authorization level by staff, the Deployment Committee or the Board of Directors (the "C-PACE Warehouse Facility");

WHEREAS, CEFIA established the C-PACE Warehouse Facility and has closed over \$15 million in C-PACE projects;

WHEREAS, CEFIA staff requests the Board of Directors approve the sale of the first 8 closed C-PACE transactions and the next \$20 million of C-PACE benefit assessments to Clean Fund through a financial conduit;

WHEREAS, the Board of Directors directed staff to sell-down such funded C-PACE transactions to private capital providers in order to continually replenish funding capacity for the C-PACE program on an ongoing basis;

WHEREAS, staff's request is consistent with CEFIA's comprehensive plan and budget for FY 2014 with respect to anticipated budget investments for the C-PACE program and other program requirements;

NOW, therefore be it:

RESOLVED, that CEFIA's Board of Directors authorizes the sale of the first 8 closed C-PACE transactions and the next \$20 million of C-PACE benefit assessments to Clean Fund;

RESOLVED, that the President of CEFIA and any other duly authorized officer of CEFIA, is authorized to execute and deliver any contract in furtherance of the sell-down transaction consistent with the Memorandum to the Board of Directors dated November 8, 2013; and

RESOLVED, that the proper CEFIA 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 instrument.

7. Statutory and Infrastructure Sector Program Updates* – 15 minutes
 - a. Program Update
 - b. Class I REC Portfolio from the Residential Solar Investment Program *

Resolution #6

WHEREAS, Section 106 of Public Act 11-80 “An Act Concerning the Establishment of the Department of Energy and Environmental Protection and Planning for Connecticut’s Energy Future” (the “Act”) requires the Clean Energy Finance and Investment Authority (“CEFIA”) to design and implement a Residential Solar Photovoltaic (“PV”) Investment Program (“Program”) that results in a minimum of thirty (30) megawatts of new residential PV installation in Connecticut before December 31, 2022, and CEFIA has designed and implemented the Program;

WHEREAS, Pursuant to Conn. Gen Stat. 16-245a, a renewable portfolio standard (RPS) was established that requires that Connecticut Electric Suppliers and Electric Distribution Company Wholesale Suppliers (“Buyers”) obtain a minimum percentage of their retail load by using renewable energy.

WHEREAS, CEFIA has been assigned by New England Power Pool Generation Information System (“NEPOOL GIS”) an Identification Number NON36589 for the residential solar PV projects it supports through the Program, and subsequently the Public Utility Regulatory Authority (“PURA”) assigned a Registration No. CT 00534-13 to the behind-the-meter facilities supported by the Program;

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 renewable energy credits (“RECs”) which, in accordance with Program guidelines, become the property of CEFIA to hold, manage and sell in CEFIA’s sole discretion;

WHEREAS, CEFIA staff seek to sell quantities of the Class I RECs produced as a result of the Program to Buyers who are seeking to comply with the Connecticut Class I RPS;

WHEREAS, CEFIA staff issued a Request for Qualifications on August 26, 2013 for brokers that are registered with the NEPOOL GIS to assist it in selling CEFIA’s RECs (RFQ);

WHEREAS, CEFIA staff selected five brokers from the RFQ to sell RECs in Connecticut and act as CEFIA’s preferred brokerage partners (“Preferred REC Brokers”)

and whom CEFIA could call upon to market specific REC transactions.

NOW, therefore be it:

RESOLVED, that the President of CEFIA and any other duly authorized officer of CEFIA, pursuant to guidelines and procedures that staff shall establish for such purposes in advance, is authorized to execute and deliver any contract with a Preferred REC Broker for the immediate and/or long-term sale of quantities of CEFIA's RECs from the Program, which shall include any applicable brokerage fees, as he or she shall deem to be in the interests of CEFIA and the ratepayers; and

RESOLVED, that the proper CEFIA 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 instrument.

8. Executive Session for Personnel Matter* – 15 minutes
9. Adjourn

*Denotes item requiring Board action

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***Next Regular Meeting: Friday, December 20, 2013
Clean Energy Finance and Investment Authority, 865 Brook Street, Rocky Hill, CT***



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Board of Directors of the Clean Energy Finance and Investment Authority

Agenda Item #1

Call to Order

November 15, 2013



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Board of Directors of the Clean Energy Finance and Investment Authority

Agenda Item #2

Public Comments

November 15, 2013



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Board of Directors of the Clean Energy Finance and Investment Authority

Agenda Item #3

Approval of Meeting Minutes of October 18, 2013

November 15, 2013



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Board of Directors of the Clean Energy Finance and Investment Authority

Agenda Item #6

Commercial and Industrial Sector Programs

November 15, 2013



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Deployment Committee of the Clean Energy Finance and Investment Authority

Agenda Item #6b

Commercial and Industrial Sector Programs

Sofia's Plazas

November 15, 2013

2 North Road and 122 Prospect Hill Road East Windsor, CT Ratepayer Payback



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- ▶ Two \$750,000 Renewable Energy Projects at adjacent buildings that form the shopping center Sofia's Plazas.
- ▶ Projected savings are **11,780 MWh** versus **\$1,500,000** of ratepayer funds at risk.
- ▶ Ratepayer funds will be paid back in one of the following ways
 - ▶ (a) through a take-out by a private capital provider at the end of construction (project completion);
 - ▶ (b) subsequently, when the loan is sold down to a private capital provider; or
 - ▶ (c) through receipt of funds from the City of East Windsor as it collects the C-PACE benefit assessment from the property owner.



REDACTED

CEFIA cash flow



CEFIA Pro Forma			
<i>Project Basics</i>		<i>Cash Flows</i>	
Amount Financed	\$1,500,000	<u>Date</u>	<u>CEFIA \$</u>
Construction Period (years)	0.25	Dec 2013	\$1,500,000
Term (years)	20	Mar 2014	\$20,625
		Jul 2014	\$124,595
Construction Financing Rate	5.50%	Jul 2015	\$124,595
Term Financing Rate	5.50%	Jul 2016	\$124,595
		Jul 2017	\$124,595
Construction Interest Payment (bullet)	\$20,625	Jul 2018	\$124,595
Yearly Debt Service Payments (made semi-annually)	\$124,595	Jul 2019	\$124,595
		Jul 2020	\$124,595
		Jul 2021	\$124,595
		Jul 2022	\$124,595
		Jul 2023	\$124,595
		Jul 2024	\$124,595
		Jul 2025	\$124,595
		Jul 2026	\$124,595
		Jul 2027	\$124,595
		Jul 2028	\$124,595
		Jul 2029	\$124,595
		Jul 2030	\$124,595
		Jul 2031	\$124,595
		Jul 2032	\$124,595
		Jul 2033	\$124,595



REDACTED

2 North Road and 122 Prospect Hill Road

Terms and Conditions



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- ▶ Two, \$750,000 construction loans with interest rate of 1.75% over the Prime Rate, or 5%, and the term loans will be set at a fixed 5.5% over the 20-year term.
- ▶ \$750,000 loan against each property
 - ▶ Property valued at **REDACTED**
 - ▶ Loan-to-value ratio for CEFIA's exposure equals **REDACTED**
- ▶ DSCR > **REDACTED**



▶ **What are you trying to do?**

- ▶ Receive approval for two \$750,000 construction and (potentially) term loans under the C-PACE program to Sofia's Plazas LLC, Inc. to finance the construction of specified of a renewable energy system

▶ **When are you doing it by?**

- ▶ Project to commence early 2014.

▶ **Why are we doing it?**

- ▶ Approval will allow CEFIA to finance this C-PACE transaction, prime the pump of C-PACE projects and build momentum in the market, but it would also – for an interim period – potentially provide term financing for these projects until CEFIA manages to sell off all or most of its loan positions in the C-PACE transactions.

2 North Road and 122 Prospect Hill Road

The Five W's



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- ▶ **Who is it for?**
 - ▶ The end-users of the project include both Sofia's Plazas LLC, and the building's tenants.
- ▶ **Where are we doing it?**
 - ▶ 2 North Road and 122 Prospect Hill Road, East Windsor

REDACTED



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Deployment Committee of the Clean Energy Finance and Investment Authority

Agenda Item #6c

Commercial and Industrial Sector Programs

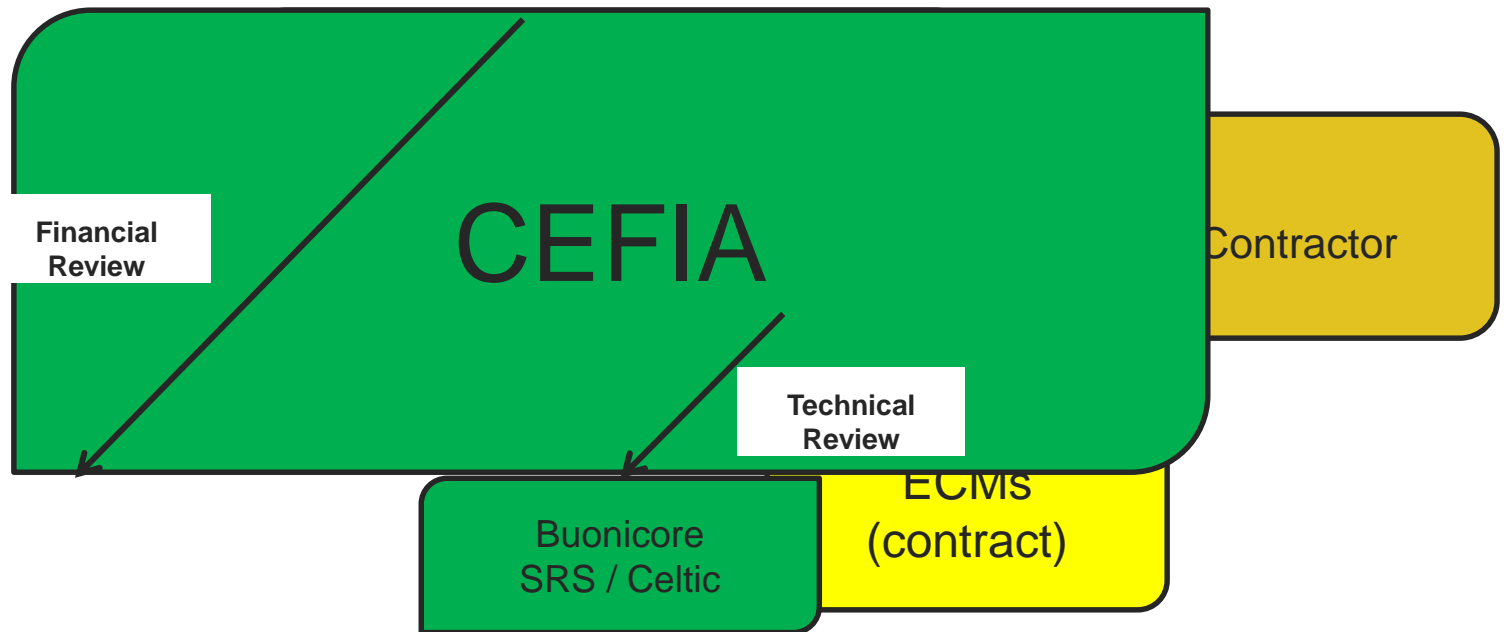
C-PACE Sell Down

November 15, 2013

Successful Process True Team Effort

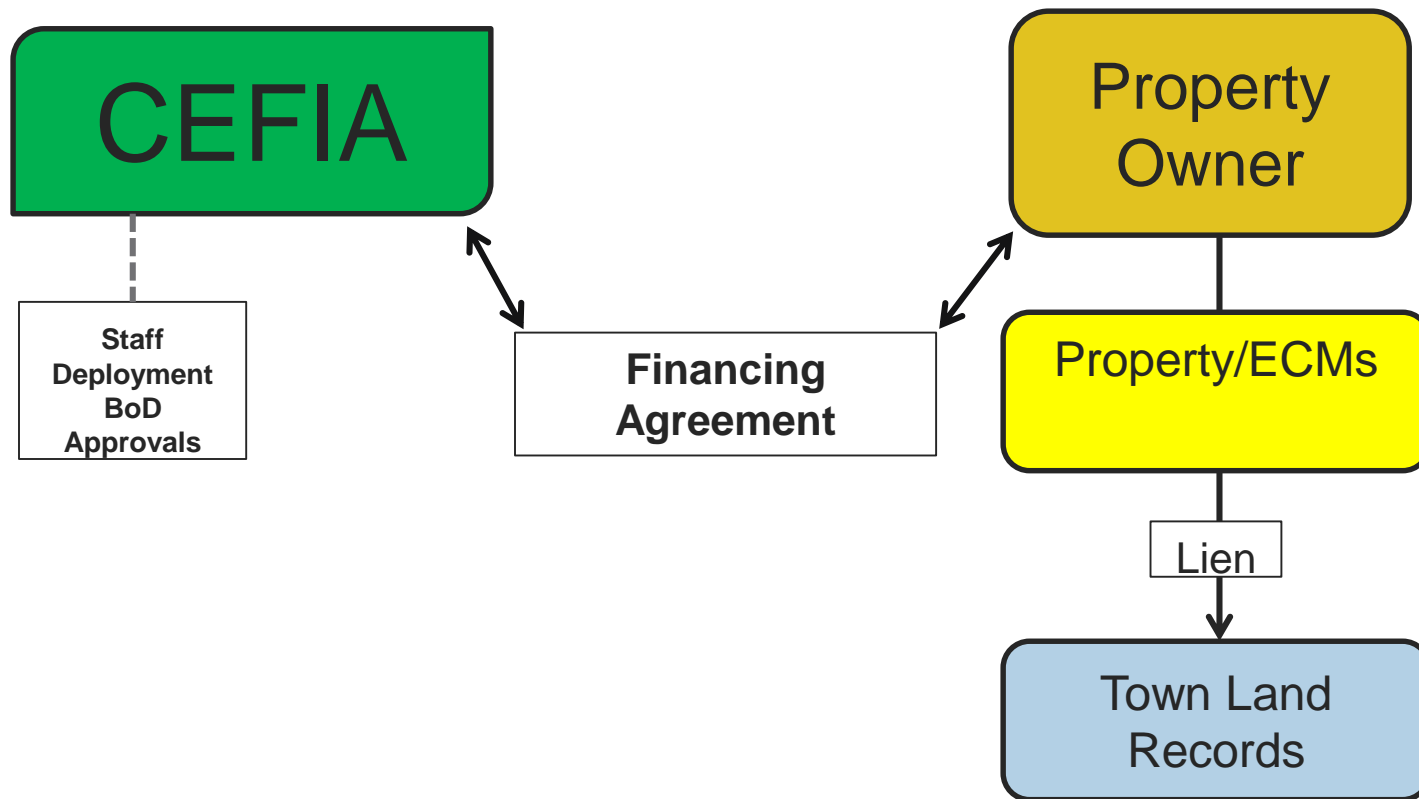
- Started with leadership of the Governor, together with support of the Legislature and other stakeholders (i.e. CBA) to yield good framework for C-PACE
- C-PACE Team put in place an excellent process for technical review and mortgage holder consent
- Finance developed strong underwriting procedures and credit guidelines
- C-PACE and Finance Teams cultivated a solid group of Qualified Capital Providers
- Legal crafted documents that adequately secure CEFIA's position and enable an efficient sell-down process
- Finance and C-PACE teams managed the sell-down structure

C-PACE Sell-Down C-PACE Process Recap



C-PACE Sell-Down

Following C-PACE Approvals ... Close the Transaction



C-PACE Sell-Down
Completion of Funding Process ...
...Financing Agreements & Benefit Assessment Liens



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CEFIA

**Financing
Agreement**

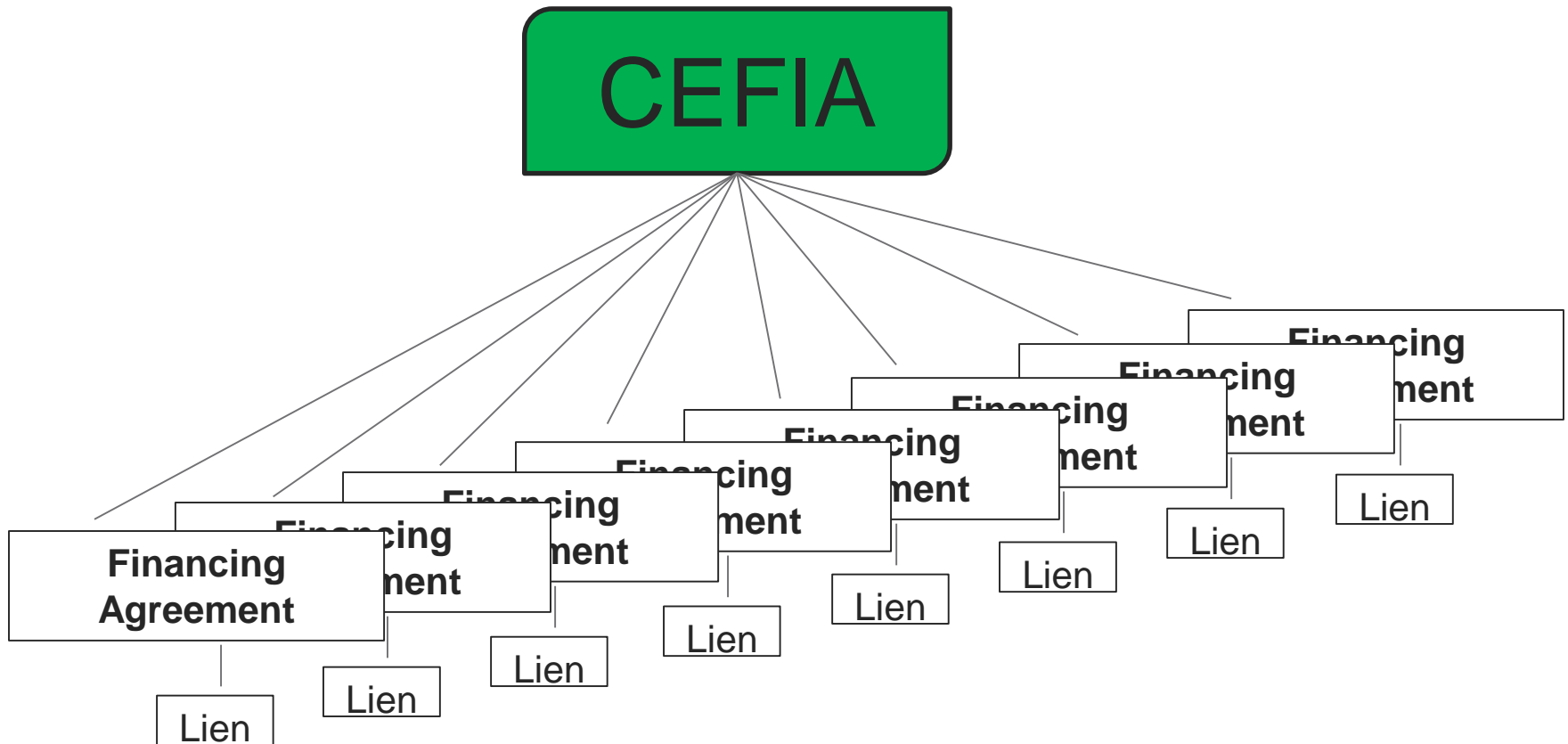
Lien

C-PACE Sell-Down

CEFIA aggregates portfolio using Funding Warehouse



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~\$16 million **APPROVED!**

>1.4 mm SF & 35,000 MMBTUs SAVED!



Project Type	Estimated Annual Savings	Installed Capacity	Amount Financed (with capitalized interest)	Financing Terms	Building Size	status
Closed & Selling-Down						
HARTFORD 41 Walnut Street	Renewable	221 MMBtu/yr	55 kW \$ 145,000	5.5% for 20 years	34,500 sqft	
NORWALK 542 Westport Ave	Energy Efficiency	429 MMBtu/yr	100kW \$ 559,950	4.5% for 15 years	50,000 sqft	
HARTFORD 1841 Broad Street	Renewable	491 MMBtu/yr	100 kW \$ 325,000	5.5% for 20 years	40,000 sqft	
MIDDLETOWN 100 Roscommon	Both	3,339 MMBtu/yr	260 kW \$ 2,601,390	5.5% for 20 years	81,368 sqft	
SIMSBURY 86 Hopmeadow	Energy Efficiency	1,021 MMBtu/yr	-- \$ 698,028	5.5% for 18 years	42,456 sqft	
BRIDGEPORT 855 Main Street	Energy Efficiency	6,650 MMBtu/yr	-- \$ 1,992,683	5.5% for 20 years	100,000 sqft	
HARTFORD Bushnell Theatre	Energy Efficiency	777 MMBtu/yr	-- \$ 384,016	5% for 20 years	139,000 sqft	
BRIDGEPORT ID Products	Energy Efficiency	714 MMBtu/yr	-- \$ 107,556	5.5% for 15 years	15,846 sqft	
		13,642 MMBtu/yr	415 kW \$ 6,813,623	Closed & Selling-Down	503,170 sqft	
Closed (to be sold)						
KILLINGWORTH 228 Route 81	Renewable	275 MMBtu/yr	71 kW \$ 259,000	5.5% for 20 years	20,000 sqft	
WINDSOR 80 Lamberton	Both	5,965 MMBtu/yr	\$ 1,837,593	5.5% for 20 years	165,000 sqft	
CANTON Larsen Ace Hardware	Renewable	188 MMBtu/yr	45 kW \$ 153,300	5.5% for 20 years	25,000 sqft	
DANBURY YMCA	Energy Efficiency	929 MMBtu/yr	-- \$ 87,938	5.5% for 20 years	17,107 sqft	
		7,357 MMBtu/yr	116 kW \$ 2,337,831	Closed (to be sold)	227,107 sqft	
Approved (pending close & sale)						
AVON 22 Waterville Road	Energy Efficiency	2,361 MMBtu/yr	-- \$419,346	5.5% for 14 years	53,577 sqft	customer signing
SOUTHINGTON Signature Advertising	Renewable	467 MMBtu/yr	122 kW \$378,000	5.5% for 20 years	50,000 sqft	customer signing
TRUMBULL Insports	Both	1,160 MMBtu/yr	252 kW \$1,001,298	5.5% for 20 years		CEFIA approval
MERIDEN 290 Pratt	Energy Efficiency	7,123 MMBtu/yr	-- \$1,990,000	5.5% for 20 years	459,292 sqft	CEFIA approval
NORWICH NPB Assets	Renewable	367 MMBtu/yr	150 kW \$350,000	5.5% for 20 years	50,000 sqft	CEFIA approval
BRIDGEPORT International Academy	Energy Efficiency	836 MMBtu/yr	-- \$410,000	5.5% for 15 years	55,000 sqft	lender consent
SIMSBURY Mitchell Autobody	Renewable		\$450,000			lender consent
		11,947 MMBtu/yr	524 kW \$4,998,644	Approved (pending close & sale)	617,869 sqft	
Approved - Lost						
80 Lamberton (solar)	Renewable	1,302 MMBtu/yr	300 kW \$1,252,851	5.5% for 14 years		
Bourdon Forge	Energy Efficiency	746 MMBtu/yr	-- \$444,394	5.5% for 20 years	65,000 sqft	
		2,048 MMBtu/yr	300 kW \$1,697,245		65,000 sqft	
TOTAL		32,946 MMBtu/yr	1,055 kW \$ 14,150,098		1,348,146 sqft	
<i>Actual</i>		34,994 MMBtu/yr	1,355 kW \$ 15,847,343		1,413,146 sqft	
On November Docket			\$ 1,500,000			
On December Docket			\$ 6,126,155			
			\$ 23,473,498			

Sell Down Process



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C-PACE Offering Notice

Sale: Up to \$8,903,830 (face value) C-PACE Benefit Assessment Participation Interests

Number of Transactions: Up to 11 transactions, ranging in amount

Collateral: Benefit assessment liens against the benefit efficiency or renewable energy improvement projects

Location: State of Connecticut

Status: In various stages of advance

Closing Date: October 21, 2013



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Indicative Bid Instructions

Section 1 Applicability. Unless otherwise specified in the C-PACE Offering Notice Dated 28 July 2013 (the "Notice"), the provisions of these CEFIA C-PACE Benefit Assessment Participation Interests Indicative Bid Procedures, from the time of their issuance until the time of the Sale, will govern the submission and evaluation of bids for the Sale.

Section 2 Definitions.

For purposes of the Procedures, the terms defined herein shall have the meanings assigned herein or in the Offer Memorandum.

"Benefit Assessment" has the meaning assigned in the Offer Memorandum.

"Benefit Assessment Sale" has the meaning assigned in the Offer Memorandum.

"Bid" means an offer to purchase the Benefit Assessment Sale at a specified Price submitted in accordance with the Procedures.

"Business Day" means any day other than a Saturday, Sunday or holiday of CEFIA or banks in the states of Connecticut and New York.

"Capital Provider" means a company or individual that has been Assessed Clean Energy ("C-PACE") Project.

"Effective Yield" means the yield on the Benefit Assessment Sale expressed as a percentage.

"Eligible Capital Provider" means a company or individual that is eligible to participate in a Benefit Assessment Sale.

"Final Bidder" has the meaning assigned in the Offer Memorandum.

Revised Benefit Assessment Sale Schedule

Benefit Assessment Sale Timeline (revised 8.19.2013)	
Event	Date
Offering Notice Distributed	Wednesday, July 31, 2013
Initial Data Distribution (including comprehensive bidding instructions)	Monday August 19, 2013
Complete deal information uploaded into Data Room	Wednesday September 4, 2013
Indicative Bid Date	Wednesday September 18, 2013
Final Bidder(s) Invitation	Friday September 27, 2013
Final Bid Date	Friday October 11, 2013
Winning Bidder Selected	Wednesday October 23, 2013
10% Non-Refundable Deposit Due	Monday October 28, 2013
Closing Date	Friday November 1, 2013

Summary

CEFIA has entered into, or soon will enter into financing documents, a benefit assessment lien and, to a certain extent, promissory note (the "Financing Documents") pursuant to which CEFIA will advance (and, to a certain extent, advance) to borrowers for the purpose of renovating or retrofitting properties with energy efficiency or renewable energy improvement projects. CEFIA has filed or will file benefit assessments against the properties (the "Benefit Assessments").

Where applicable, the borrowers have obtained consent from the relevant governmental entities (the "Consenting Party" or "Consent") to the Benefit Assessments.

Structure

CEFIA desires to sell, without recourse (the "Benefit Assessment Sale") in such Financing Documents, and interests in and to (i) all payments and proceeds from the Benefit Assessments, (ii) certain rights of CEFIA existing under the Financing Documents and (iii) CEFIA's position under the Financing Documents, on terms and conditions to be agreed (defined below). The Participation Interests are being offered to qualified bidders from CEFIA is soliciting indicative bids from qualified C-PACE

Sell Down Process – 2



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As an investor in Benefit Assessments and their associated Benefit Assessment Liens, you should consider carefully the risks associated with these investments. These risks include, but are not limited to, the following:

The investments will not be listed on any securities exchange. Therefore, in order to sell your investments, you will need to find a willing buyer. CEPIA may assist in the resale of investments, but it is not required to do so. You may be unable to obtain the price that you wish to receive for your investments or you may suffer a loss on your investment. Illiquidity can have a severely adverse effect on the prices of investments that are anticipated to result from a stream of payments over many years and which are subject to default and foreclosure risk.

The Benefit Assessments you may invest in are subject to delinquency, foreclosure and loss, any or all of which could result in losses to you. In some cases, the ability of a borrower to repay the Benefit Assessment can be dependent upon the successful operation of the underlying project. If the cash flow of the project is reduced, the borrower's ability to repay the Benefit Assessment may be impaired. In providing the financing associated with these Benefit Assessments, we have made certain estimates regarding project cash flows or savings during our underwriting of such financings. These estimates may not prove accurate, as actual results may vary from estimates. The cash flows or cost savings of a project can be affected by, among other things: the terms of the renewable energy certificate contract used in such project; the creditworthiness of the property owner; the technology deployed; unanticipated expenses in the operation of the project and changes in national, regional or local economic conditions; and environmental legislation, acts of God, terrorism, social unrest and civil disturbances. Foreclosure proceedings against a project can be an expensive and lengthy process which could have a substantial negative effect on your anticipated return on the foreclosed Benefit Assessment.

The projects financed by the Benefit Assessments typically rely on third parties to select and manage various equipment and service providers. These third parties may be responsible for choosing vendors, including equipment suppliers and subcontractors. Project success often depends on third parties who are capable of installing and managing projects and structuring contracts that provide appropriate protection against construction and operational risks. In many cases, in addition to contractual protections and remedies, project/property owners may seek guaranties, warranties and construction bonding to provide additional protection.

The warranties provided by the third parties and, in some cases, their subcontractors, typically limit any direct harm that results from relying on their products and services. However, there can be no assurance that a supplier or subcontractor will be willing or able to fulfill its contractual obligations and make necessary repairs or replace equipment. In addition, these warranties generally expire substantially before the final repayment of the Benefit Assessment or may be of limited scope or provide limited remedies. If projects are unable to avail themselves of warranty protection or receive the expected protection under the terms of the guaranties or bonding, project/property owners may need to incur additional costs, including replacement and installation costs, which could adversely impact the economics associated with the projects related to the Benefit Assessments and the ability of the



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Outlined below are login instructions for C-PACE Capital Providers to access the C-PACE portfolio project-level financial and technical underwriting data via CEPIA's Data Management Platform (CDMP)-powered by Sustainable Real Estate Solutions, Inc. (SRS).

Step 1: Go to SRS's web site: <http://www.srmnetwork.com/>, click on Client Login link, upper right corner.



Step 2: Enter your Username & Password to access the CDMP.

User Name:
Password:
[Forgot Password?](#)

Step 3: Upon login you will be directed to the CDMP Portfolio Dashboard. Five C-PACE projects will display in the lower left corner. To access property-level underwriting data, click on each property name. Note the aggregate data displayed on the Portfolio Dashboard is not highly-relevant to Capital Provider's

Sell Down Process – 3



Attachment A

C-PACE Benefit Assessment Participation Interests Indicative Bid Sheet

Required Elements:

Eligible Capital Provider Name	
Bidding for Own Account <input type="checkbox"/>	Bidding on Behalf of Another Investor <input type="checkbox"/>
Transaction Name	
Price (relative to Par)	
Purchase Amount ($\geq 10\%$ of the relevant Benefit Assessment, increasing in 5% increments)	
Term and Amortization Schedule (unless identical to the Benefit Assessment – if so, so state)	

Optional Elements:

CEFIA Credit Enhancement	
Prepayment Penalty	
Closing Fees and/or Other Fees	
Additional Terms and Conditions of Bid	

Authorized Representative of Bidder (Printed Name) _____

Signature of Authorized Representative of Bidder _____

(An electronic signature will be accepted with the same authority as the original)

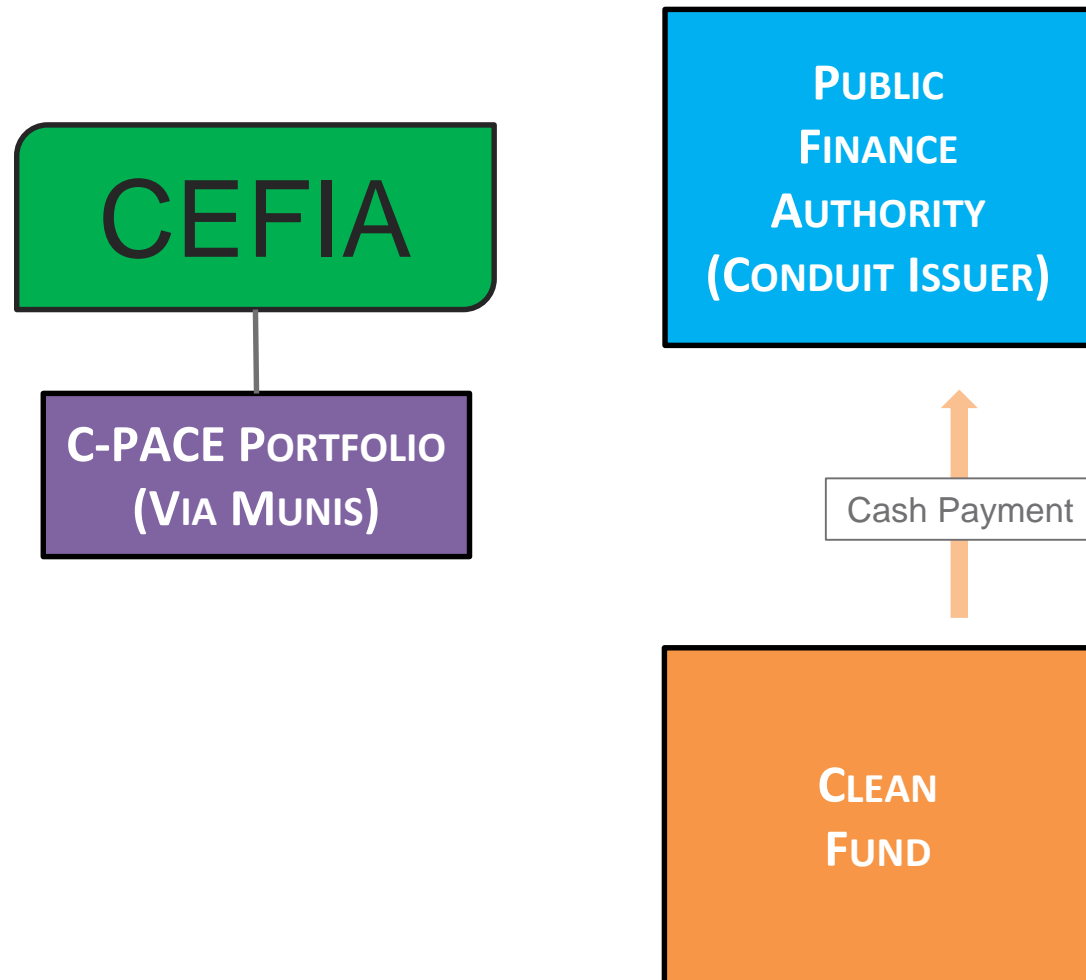
Date of Bid _____

C-PACE Sell-Down

Winning Bidder Purchases Portfolio via Conduit Issuer

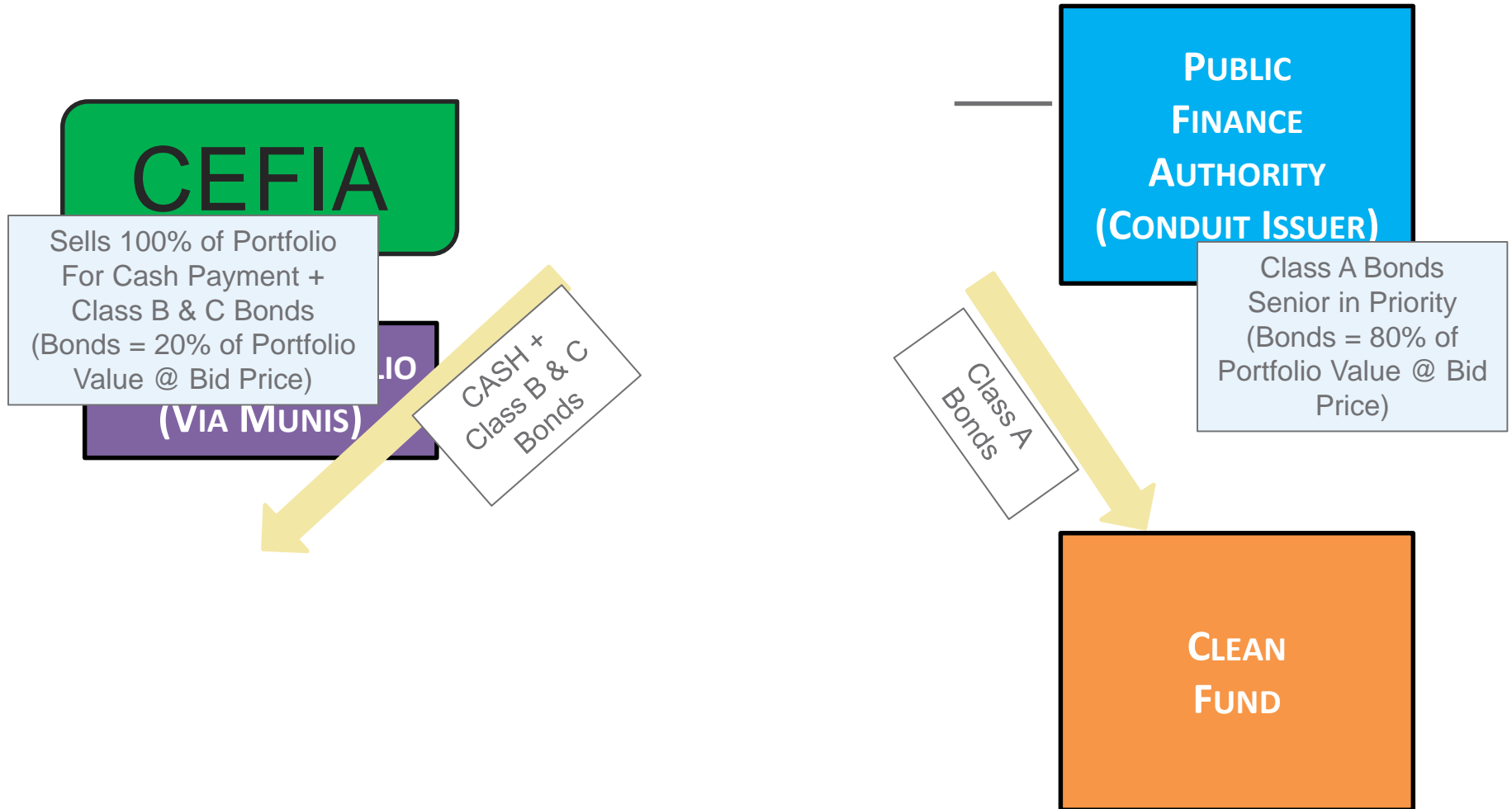


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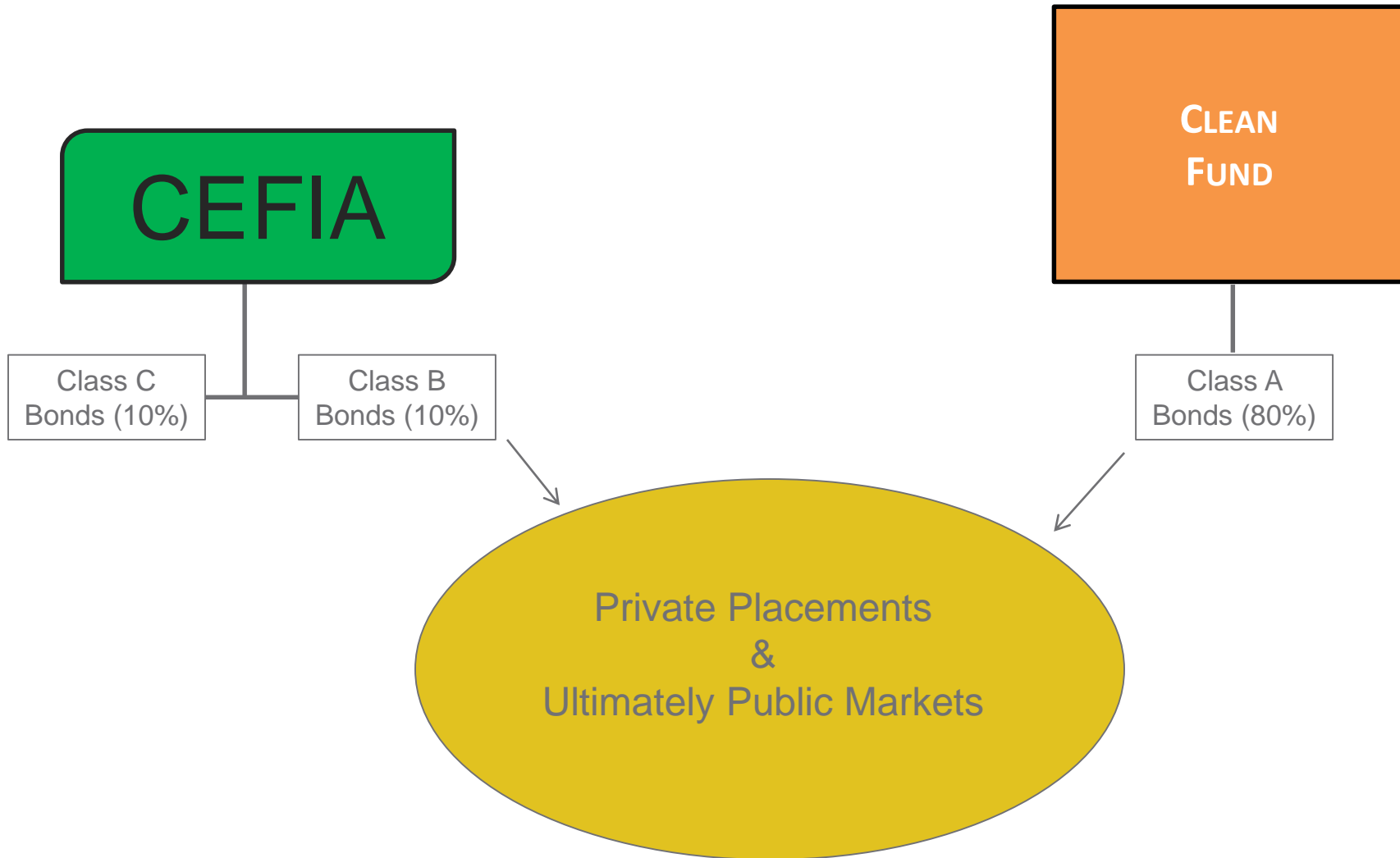
C-PACE Sell-Down

Conduit pays for purchase with Cash + Bonds



C-PACE Sell-Down

Following Portfolio Sale ... CEFIA to pursue sale of "B" Bonds



C-PACE Sell-Down

Summary of Key Terms (* = change from memo)



Eligible Capital Provider	Clean Fund LLC (or wholly owned subsidiary) together with the Public Finance Authority as conduit issuer
Price (relative to Par)	~96.5 (relative to 100.0 = par) Equates to a ~5.95% Yield to Maturity
Structure/CEFIA Credit Enhancements	80% "A" (senior) bonds purchased by Clean Fund and 20% "B" & "C" (junior) bonds retained by CEFIA. B & C bonds (circa 5% yield) will be interest only in the early periods with principal amortization from the last payments of the Benefit Assessments. * Final structure may include a "timeliness" reserve not to exceed \$300,000.
Prepayment Penalty	* NONE (manage through a right of substitution)
Closing Fees and/or Other Fees	* NONE, but CEFIA may assume certain expenses (not to exceed \$75,000) if CEFIA is unable to deliver the agreed amount of benefit assessments (low risk as CEFIA should have ~\$22 MM in approved Benefit Assessments by 12/31)

C-PACE Sell-Down

Summary of Key Terms (2)



Additional Terms and Conditions of Bid	<p>Good faith deposit of \$500,000 (paid this week)</p> <p>Clean Fund will have a Right of First Refusal to Purchase the next \$20 MM of Benefit Assessments that are funded prior to December 31, 2014 on the similar terms and conditions.</p> <p>If PFA is not used as a bond conduit, Clean Fund to purchase portfolio directly from CEFIA</p>
Principal Documents:	<p>Purchase and Sale Agreement</p> <p>Bond Purchase Agreement with Public Finance Authority for the A/B/C bond structure</p> <p>Other ancillary documents</p>

C-PACE Sell-Down Financial Summary



	<i>Project Type</i>	<i>Estimated Annual Savings</i>	<i>Installed Capacity</i>	<i>Amount Financed (with capitalized interest)</i>
Closed & Selling-Down				
HARTFORD 41 Walnut Street	Renewable	221 MMBtu/yr	55 kW	\$ 145,000
NORWALK 542 Westport Ave	Energy Efficiency	429 MMBtu/yr	100kW	\$ 559,950
HARTFORD 1841 Broad Street	Renewable	491 MMBtu/yr	100 kW	\$ 325,000
MIDDLETOWN 100 Roscommon	Both	3,339 MMBtu/yr	260 kW	\$ 2,601,390
SIMSBURY 86 Hopmeadow	Energy Efficiency	1,021 MMBtu/yr	--	\$ 698,028
BRIDGEPORT 855 Main Street	Energy Efficiency	6,650 MMBtu/yr	--	\$ 1,992,683
HARTFORD Bushnell Theatre	Energy Efficiency	777 MMBtu/yr	--	\$ 384,016
BRIDGEPORT ID Products	Energy Efficiency	714 MMBtu/yr	--	\$ 107,556
		13,642 MMBtu/yr	415 kW	\$ 6,813,623
	\$ 5,450,898	96.5%	\$ 5,260,117	\$ (190,781)
	\$ 1,362,725		\$ 1,307,100	\$ (55,625)
			(effective sale price)	\$ (246,406)
				-3.62%

C-PACE Sell-Down

Steps following approval by BoD



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Next Steps

- Continue preparation of documentation
- Arrange for closing circa December 9



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Board of Directors of the Clean Energy Finance and Investment Authority

Agenda Item #5

Committee Updates and Recommendations

November 15, 2013



- ▶ Budget and Operations Committee
 - ▶ Sick Leave Bank Policy

Sick Leave Bank Policy

Background and Current Status



- ▶ Established in 2009 by CI and the CCEF
- ▶ CEFIA adopted the Sick Leave Bank on December 16, 2011
- ▶ Allows participating employees to withdraw up to 10 days in the event of a qualifying illness or injury

Sick Leave Bank Today

Number of CI and CEFIA Employees	93
Number of Sick Leave Bank Participants	28
Number of Hours Donated into Sick Leave Bank	400
Value of Hours Donated into Sick Leave Bank	\$24,417.73
Value of a Sick Leave Bank Hour	\$61.04
Total Hours Used from Sick Bank Participants	0

Sick Leave Bank Policy Comparison



	State of Connecticut	CI/CEFIA (with proposed change)	CHFA	CRRA	CT Lottery
Have a sick leave bank?	Yes	Yes	No*	No	Yes – participates in state bank
Eligibility	Managers and above	All employees	All employees		Managers and above
Must Exhaust					
<ul style="list-style-type: none"> Sick Leave Personal Leave Comp Time Vacation Time 	<ul style="list-style-type: none"> Yes Yes Yes Excess of 60 days 	<ul style="list-style-type: none"> Yes Yes Yes Excess of 30 days 	<ul style="list-style-type: none"> Yes Yes Yes Yes 		<ul style="list-style-type: none"> Yes Yes Yes Excess of 60 days
Pay rate of bank	Half day	Full day	Full day		Half day
Withdrawal Limit	200 half days	10 days			200 half days

*CHFA allows donation of vacation and personal time to employees with qualifying illness. Chart indicates this policy

Sick Leave Bank Policy

Recommended Change



- ▶ Currently, participants must exhaust all their sick, personal, compensatory, and vacation leave before accessing the sick bank
- ▶ Change would allow participants to keep up to 30 vacation days while still requiring them to exhaust all personal, compensatory, and sick leave plus vacation excess of 30 days
- ▶ Allows employees to retain time for follow-up medical appointments and to supplement disability pay
- ▶ Currently, any participant that has been disciplined for absence-related reasons for the last 12 months cannot withdraw from the bank
- ▶ Change would allow a committee of Senior Management to waive this requirement for a withdrawal request

Committee Updates

Proposed 2014 Schedule of Meetings



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2014 Total	2013 Total
BOD	x			x		x	x			x		x	6	12
ACG				x						x			2	2
B&O					x	x							2	4
DC		x	x		x				x		x		5	5
Total	1	1	1	2	2	2	1	0	1	2	1	1	15	23
Appr.	1	1	1	1	1	1	1	0	1	1	1	1	11	

- ▶ 6 BOD meetings instead of 4
- ▶ BOD meetings following each quarter to discuss progress towards targets
- ▶ Transaction approval ability through BOD or Deployment Committee every month except August
- ▶ Adjusted April date to avoid Good Friday – now scheduled for April 25th



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Board of Directors of the Clean Energy Finance and Investment Authority

Agenda Item #4

Update from the President

November 15, 2013

Update from the President

Important Updates



- ▶ **Multifamily Low Income Housing Programs** – on-boarding C-PACE multifamily financing partner, Urban Ingenuity, to help build the market. Team includes national MFH experts, and financing partners Hannon Armstrong and Wells Fargo, able to leverage up to \$900MM in private capital. For MFAH outside of C-PACE, releasing an RFP to support CDFI loan programs and partnering with a nationally recognized leader, funded to strategically build this market. Under the CEFIA innovation RFP, negotiating \$300,000 LLR to CHIF to capitalize a low income multifamily loan fund; and evaluating a request from CHIF/NU for additional capital. Spearheading a pilot initiative with CHFA to optimally leverage and streamline our respective programs.
- ▶ **“Green Bank” Impact** – based on the feedback of the BOD and staff, we have assembled talking points and deck. We are now devising a communication strategy to tell the story.



Update from the President

Stakeholder Outreach



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- ▶ **Connecticut Bankers Association** – partnering with CBA on two workshops with their membership – residential products (i.e. Smart-E Loan and OBR) and commercial products (i.e. C-PACE and LBE).
- ▶ **Efficient Connecticut** – in collaboration with DEEP, the utility administrators of CEEF, and the U.S. DOE, we organized an “Efficient Connecticut” workshop on November 14th to build relationships among our staffs, assess how we are doing on policy implementation, and to learn about national best practices.
- ▶ **Matchmaking IV** – in collaboration with REEBA and CEEF, we are holding our 4th event on December 3rd that seeks to match-make EE and RE contractors with financing within the C&I and residential sectors. We are collaborating with DECD to hold a pre-event workshop to support the growth of small businesses in the energy sector through the Small Business Express Program.





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Board of Directors of the Clean Energy Finance and Investment Authority

Agenda Item #7

Statutory and Infrastructure Sector Programs

November 15, 2013

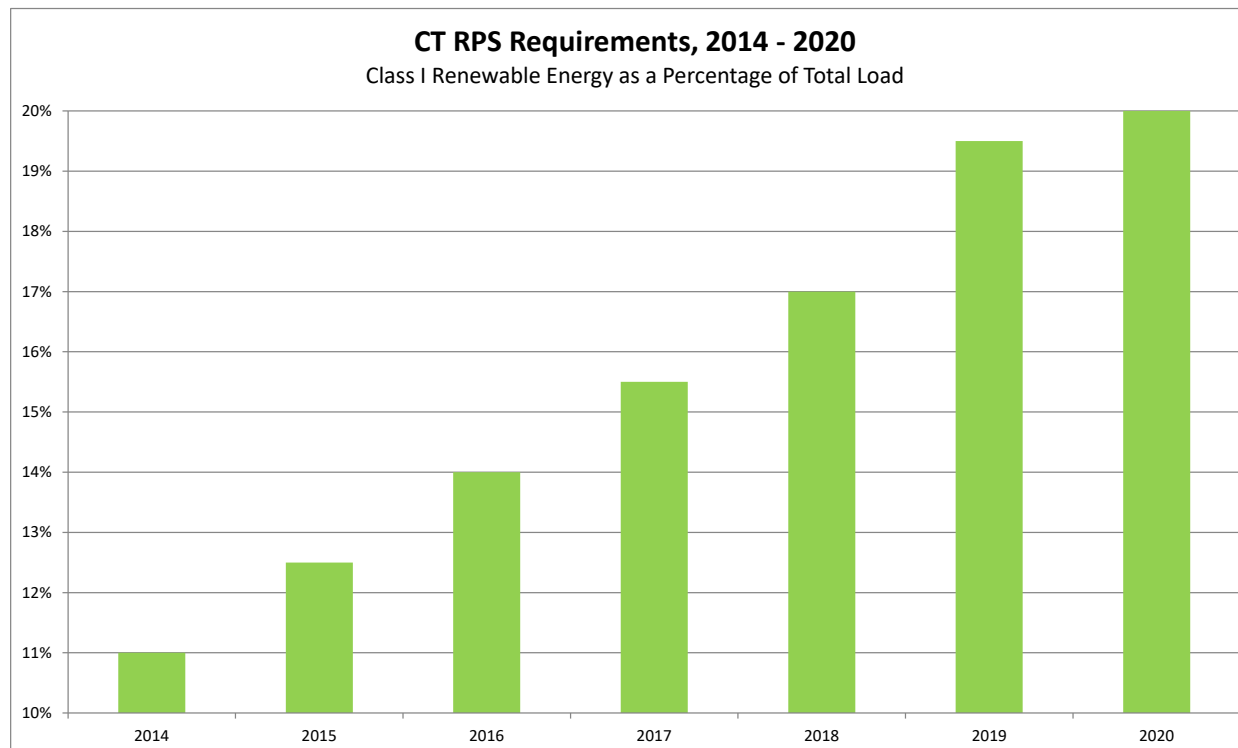
CEFIA Class I REC Asset Portfolio

Renewable Portfolio Standard (RPS)



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- ▶ Connecticut's Renewable Portfolio Standard ("RPS") requires a certain percentage of the state's electric load to come from renewable energy sources each year



CEFIA Class I REC Asset Portfolio

Renewable Energy Credits (RECs)



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- ▶ RPS fulfillment is measured in Renewable Energy Credits (“RECs”) – 1 REC per clean MWh generated – and the 11% of load required for 2014 represents **3,025,000 Class I RECs** in the coming year
- ▶ **CEFIA owns the RECs** from solar PV systems under the RSIP, and the average RSIP system produces about 8 RECs per year
- ▶ CEFIA has now approved over 2,000 systems, which means **we have over 16,000 RECs to sell** in the coming year alone

CEFIA Class I REC Asset Portfolio Locus Dashboard Overview



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Browser: https://solaros.datareadings.com/Partner/dashboard/noc/1 SolarOS - Dashboard

File Edit View Favorites Tools Help

Locus ENERGY clean energy connected

Fair 49.0 °F (9.4 °C)

Welcome, CEFIA
Updated: November 15, 2013 8:44 AM
[Help](#) | [Log Out](#)

Dashboard Clients Reports & Analytics Alerts Settings Support

Diagnostic Summary

All Clients & Sites

Status Overview Client-level View Component-level View

Communication Status	CONNECTED 547	DISCONNECTED 269
Equipment Alerts	MEDIUM 2	HIGH 46
Relative Performance	LOW 16	VERY LOW 8
Performance Yield	LOW 0	VERY LOW 0
Performance Expectations	MEDIUM 6	HIGH 2

Open Alerts

All Clients & Sites

Show 10 entries

Priority	Event	Client	Component
High	Device produced no power	estrom, sheryl	carle0419@yahoo.com
High	Device produced no power	Fineran, Mike	fineransfinishes@yahoo.com

Energy Generation

RSIP Clients

Today Year Lifetime

System Map

All Clients & Sites

Power Generation

RSIP Clients

Today Yesterday

Quick Links

- Add New Client
- Manage Users
- Configure Dashboard

RSS Feeds

- Mixed Result: Arizona Keeps Net Metering, But Levi...
- Google, Facebook Up the Renewable Energy Ante
- Strange Bedfellows: Why the Tea Party is Fighting...
- Asia Report: China Ascending to Solar PV Pinnacle

Taskbar: 100% 8:44 AM

CEFIA Class I REC Asset Portfolio

Locus Client Summary



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Browser: https://solaros.datareadings.com/Partner/clients/ SolarOS - Clients

File Edit View Favorites Tools Help

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Fair 49.0 °F (9.4 °C)

Welcome, CEFIA
Updated: November 15, 2013 8:46 AM
[Help](#) | [Log Out](#)

Dashboard **Clients** Reports & Analytics Alerts Settings Support

Client Summary **Client Groups** Add Client

All # A B C D E F G H I J K L M N O P Q R S T U V W X Y Z

Client	Location	Generation Today	Communication Status	Equipment Alerts	Relative Performance	Performance Yield	Performance Expectations	Type
▼ Abelv, Jim	Durham, CT							
jim.abelv@gmail.com	Durham, CT		0 kWh	✗	✓	●	●	Direct
▼ ABRIC, JEANNE	Sandy Hook, CT							
artthebestinvestment@gmail.com	Sandy Hook, CT		0 kWh	●	●	●	●	Direct
▼ Abshire, Steve	Avon, CT							
sabshire@mercyhousingct.org	Avon, CT		0 kWh	●	●	●	●	Direct
▼ Acharya, Sanjeev	Bethany, CT							
saacharya@yahoo.com	Bethany, CT		1 kWh	✓	✓	●	●	Direct
▼ Ackerly, Mary	Norfolk, CT							
PV Generation	Norfolk, CT		0 kWh	✓	✓	✓	●	Direct
▼ Adamo, Joe	Southington, CT							
Adamo, Joe	Southington, CT		0 kWh	✓	✓	✓	●	Direct

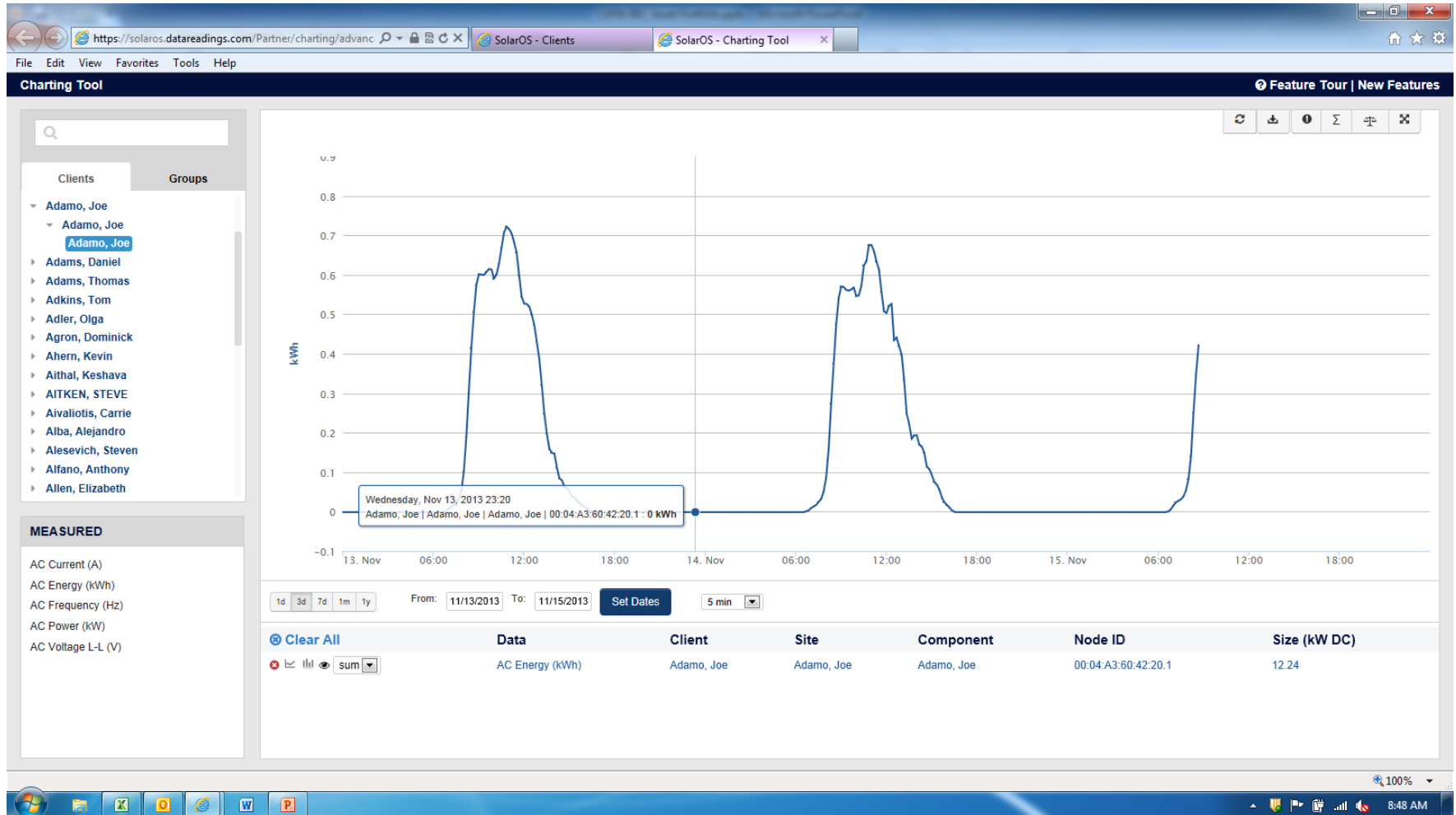
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CEFIA Class I REC Asset Portfolio

Locus Client View – 5 Min Interval



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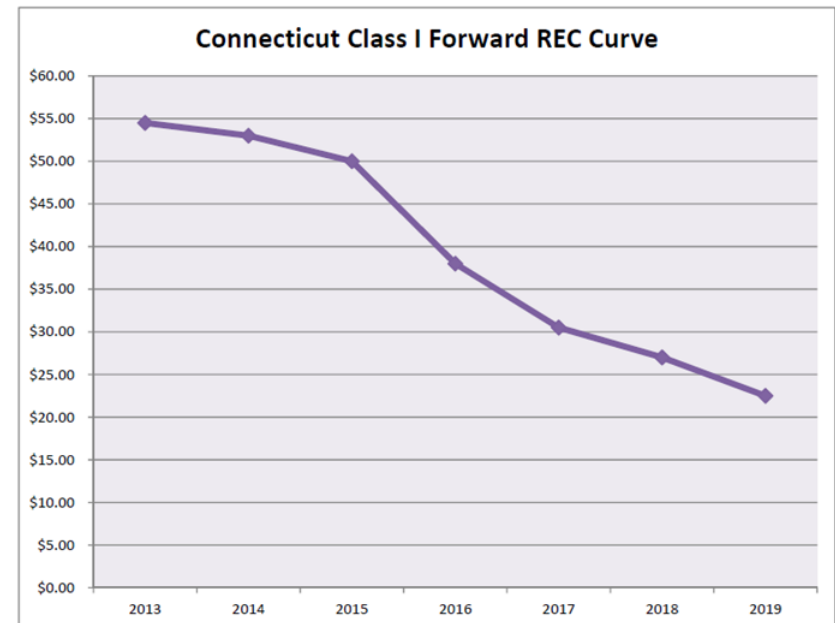
CEFIA Class I REC Asset Portfolio

REC Prices



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- ▶ The maximum that RECs will sell for is \$55, due to the Alternative Compliance Payment (“ACP”) cap
- ▶ However, **the market is currently short RECs**, given Connecticut’s aggressive RPS, so CEFIA’s RECs will trade near the cap at ~ \$55 in the spot market, with the forward curve also strong



CEFIA Class I REC Asset Portfolio

Estimated Net Present Value



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- ▶ CEFIA currently has about **14 MW** of residential solar PV capacity in its RSIP portfolio – approval by PURA to aggregate up to 30 MW per Section 106 of PA 11-80
- ▶ For every 1 MW of capacity, CEFIA should be able to obtain a significant Net Present Value return, varying depending on contract length and the REC price we lock in going forward:

Length of Contract	\$25 REC Price	\$35 REC Price	\$45 REC Price
1-year	\$27,912	\$39,076	\$50,241
3-year	\$81,700	\$114,380	\$147,060
5-year	\$132,883	\$186,037	\$239,190
10-year	\$250,261	\$350,365	\$450,470

CEFIA Class I REC Asset Portfolio

Broker RFQ



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- ▶ Over the summer, CEFIA ran an RFQ process to qualify brokers for the purpose of marketing and selling CEFIA's RECs via an auction process. We now have five qualified brokers we can use to sound the market and then price a transaction for us, when we are ready:



CEFIA Class I REC Asset Portfolio

Questions for Consideration



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- ▶ How do we want to manage our REC asset portfolio – spot market vs. future contracts vs. combination of the two?
- ▶ How should we think about the use of proceeds?
- ▶ Are there other questions we should consider when strategizing about how CEFIA realizes the value of its REC asset portfolio?



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Board of Directors of the Clean Energy Finance and Investment Authority

Agenda Item #8

Executive Session

November 15, 2013



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Board of Directors of the Clean Energy Finance and Investment Authority

Agenda Item #9

Adjourn

November 15, 2013



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BRIEF TALKING POINTS

- **Green Bank Model is Working** – the “green bank” model being implemented by CEFIA in CT is working – using limited ratepayer-taxpayer dollars to attract more private capital investment in clean energy deployment in CT. Supporting CT’s commitment to providing cleaner, cheaper and more reliable sources of energy while creating jobs and supporting local economic development.
- **Doing More with Less and Faster** – CEFIA has proven that the “Green Bank” model works! Over \$200 million is being invested in Connecticut’s clean energy economy by putting only \$20 million of ratepayer funds at risk as a result of the “green bank” model approach, resulting in an increase in the scale of clean energy deployment beyond the subsidy-driven model – “doing more with less and faster!”
- **180 – (40) – 20 Rule** – in FY 2013 attracted \$180 million in private capital using \$40 million of ratepayer funds, of which \$20 million of ratepayer funds used are in loans (i.e. paying ratepayers back over time) achieving a leverage ratio of 9:1.
- **1,200 Up and 250,000 Down** – in FY 2013 CEFIA helped create over 1,200 jobs in one year (i.e. 400 direct and 800 indirect and induced) and reduce 250,000 tons of CO2 emissions over the life of the 30 MW of clean renewable energy deployed.
- **CEFIA Tagline** – providing easy access to affordable capital
 - **Customers** – CEFIA helped me access affordable capital for my home, business, and institution.
 - **Contractor** – CEFIA helped me build my business by providing my customers with easier access to affordable capital for their energy improvement needs.
 - **Capital Provider** – working with CEFIA, I am investing in clean energy in Connecticut.

DETAILED TALKING POINTS

CEFIA Goals and Performance

- **Attract and deploy capital** to finance the clean energy goals for Connecticut:

- **Leverage Ratio** – in FY 2013 attracted \$180 million in private capital using \$40 million of ratepayer funds, of which \$20 million of ratepayer funds used are in loans (i.e. paying ratepayers back over time) achieving a leverage ratio of 9:1 – and \$6 million are in credit enhancements (i.e. predominantly loan loss reserves) achieving a leverage ratio of 13:1.
- **Increase in Deployment** – deploying nearly 30 MW of new clean renewable energy – fuel cells, solar PV, and CHP – as a result.
- **Investment in the Connecticut Clean Energy Economy** – over \$200 million is being invested in Connecticut’s clean energy economy as a result of the “green bank” model approach, resulting in an increase in the scale of clean energy deployment beyond the subsidy-driven model – “doing more with less and faster!” Created 1,200 jobs in a year and reduced over 250,000 tons of CO2 emissions over the life of the projects.
- Develop and implement strategies that bring down the cost of clean energy in order to make it more accessible & affordable to consumers
 - **C-PACE Warehouse** – put together a warehouse of \$6.7 million in energy efficiency and renewable energy loan transactions (i.e. low interest and long-term) for the commercial & industrial sector & received bids.
 - **Solarize Connecticut** – launched pilot program based on “best practice” programs from Portland, Oregon & Massachusetts, that reduced installed costs for residential rooftop solar PV by between 20-30% (i.e. \$7,500 per home) – CEFIA doubled the best year (i.e. FY 2010 of the CCEF) for residential solar PV installs in its first year (i.e. FY 2013), & CEFIA is on pace to double its best year again in FY 2014. Adapting the Solarize model to natural gas pilot (i.e. Energize Norwich) & seeing similar results.
- Reduce reliance on grants, rebates, and other subsidies and move towards innovative low-cost financing of clean energy deployment
 - **Residential Sector** – launched 4 financing products (i.e. Cozy Home Loan, Smart-E Loan, CT Solar Lease, & CT Solar Loan) with nearly 15 local, state, regional, & national financial institutions, trained ~100 installers on these products, and used ~\$15 million of ratepayer funds to attract ~\$75 million in private capital.
 - **Commercial Sector** – launched C-PACE program in just over 1-year since the passage of the policy, on-boarded ~66 munis opening up the market for ~75% of the C&I building space, trained 200+ contractors, closed on \$9M from twelve (12) projects, approved an additional \$5M from eight (8) projects, have a pipeline of nearly \$75M 100+ EE and renewable energy projects, qualified 15 capital

providers, Connecticut is likely to be first state in country to successfully selloff a warehouse of C-PACE transactions.

- **Infrastructure Sector** – providing financing to the largest fuel cell project in North America, 15 MW fuel cell project in Bridgeport, located on an old brownfield site, attracted \$65M investment from Dominion Resources, created over 150 jobs in manufacturing, construction, & servicing of fuel cell equipment with Fuel Cell Energy.
-

Clean Energy Finance and Investment Authority
Financial Analysis
Executive Summary
For the three months ended September 30, 2013

Statement of Income and General Operations and Program Expenses

Revenues for the period totaled \$9,822,600 compared to a budget of \$9,588,000. RGGI auction proceeds were \$230,000 greater than anticipated. Utility customer assessments were \$45,400 (.6%) less than expected. See page 7 for further analysis of utility customer assessments. Other income was approximately \$66,000 greater than anticipated primarily due payments received as a result of the decommissioning of a gasification project.

Expenses associated with the general operations of CEFIA totaled \$465,000 as compared to a budget of \$570,500 for the period. Generally expenses for operations were in line with budget. Operating expenses by line item were within \$5,000 of the budgeted amount or under budget.

Expenses associated with supporting CEFIA's programs totaled \$1,577,000 as compared to a budget of \$1,720,900. Generally expenses for program administration were in line with budget. Expenses by line item were within \$5,000 of the budgeted amount or under budget. Overall operating expenses for both general operations and program administration were \$2,042,000 compared to a budget of \$2,291,000 which resulted in a favorable budget variance of \$249,300 (11%).

Statement of Assets and CashFlows

Net assets as of September 30, 2013 were \$104,453,100, an increase of \$5,336,500 from June 30, 2013. See page two for an analysis of the changes in net assets for the period. Unrestricted cash balances of \$71,406,900 increased \$3,610,500 since the beginning of the year. Page four presents a cash flow analysis and listing of unfunded contingent liabilities associated with major programs as of September 30th. The statement of incentives, grants and rebates on page six provides a summary of prior and current year commitments and year to date funding by program. The program investment summary on page 5 provides a detailed list of project financing by program. The largest component of CEFIA's financing efforts to date has been the CPACE program. To date the program has recorded \$12,817,000 in commitments of which \$573,000 have been funded through September 30th.

Clean Energy Finance and Investment Authority
Financial Analysis
Table of Contents
For the three months ended September 30, 2013

<u>Page</u>	<u>Title</u>
1	Statement of Income and General Operations and Program Expenses
2	Statement of Revenues, Expenses and Changes in Net Assets
3	Statement of Net Assets (2 pages)
4	Statement of Cash Flows
5	Statement of Program Investments and Guarantees (3 pages)
6	Statement of Incentives, Grants and Rebates
7	Utility Customer Assessment Analysis
8	Quarterly ARRA LLR and IRB Reserve Analysis submitted to DEEP. (2 pages)
9	Statements of Net Assets for CEFIA SPVs

Clean Energy Finance and Investment Authority
Comparison of FY 2014 Budget to Actual
Statement of Income - General Operations and Program Expenses
For the three months ended September 30, 2013

	(000's)								
	Actual FY2014 <u>Gen. Ops</u>	Actual FY2014 <u>Programs</u>	Actual FY2014 <u>Total</u>	Budget FY2014 <u>Gen. Ops</u>	Budget FY2014 <u>Programs</u>	Budget FY2014 <u>Total</u>	(Under) Over <u>Budget</u>	%	
Income									
Utility customer assessments	\$ 7,854.6	\$ -	\$ 7,854.6	\$ 7,900.0	\$ -	\$ 7,900.0	\$ (45.4)	(1%)	
RGGI auction proceeds	\$ 1,705.2	\$ -	\$ 1,705.2	\$ 1,475.0	\$ -	\$ 1,475.0	\$ 230.2		
Interest on bank deposits	\$ 18.7	\$ -	\$ 18.7	\$ 30.0	\$ -	\$ 30.0	\$ (11.3)	(38%)	
Interest income-Solar Lease Notes,net of fees	\$ 19.2	\$ -	\$ 19.2	\$ 25.0	\$ -	\$ 25.0	\$ (5.8)	(23%)	
Grant income (N2N)	\$ -	\$ 138.0	\$ 138.0	\$ -	\$ 138.0	\$ 138.0	\$ -	0%	
Other income	\$ 86.8	\$ -	\$ 86.8	\$ 20.0	\$ -	\$ 20.0	\$ 66.8	334%	
Total revenues:	\$ 9,684.6	\$ 138.0	\$ 9,822.6	\$ 9,450.0	\$ 138.0	\$ 9,588.0	\$ 234.6	2%	
Expenses									
<u>Compensation & Benefits:</u>									
-Salaries & Wages-CEFIA employees	\$ 128.0	\$ 575.2	\$ 703.2	\$ 138.1	\$ 620.7	\$ 758.8	\$ (55.6)	(7%)	
-Salaries & Wages-CI shared services	\$ 89.3	\$ -	\$ 89.3	\$ 107.6	\$ -	\$ 107.6	\$ (18.2)	(17%)	
-Employee Benefits-CEFIA employees	\$ 91.9	\$ 413.1	\$ 505.0	\$ 102.8	\$ 461.6	\$ 564.4	\$ (59.4)	(11%)	
-Employee Benefits-CI shared services	\$ 72.1	\$ -	\$ 72.1	\$ 86.8	\$ -	\$ 86.8	\$ (14.7)	(17%)	
-Temporary employees	\$ 0.2	\$ -	\$ 0.2	\$ 0.2	\$ -	\$ 0.2	\$ -		
<u>Consulting and professional fees</u>									
- Legal	\$ 0.5	\$ 23.7	\$ 24.1	\$ 5.0	\$ 23.7	\$ 28.7	\$ (4.6)		
- Consulting fees	\$ 8.9	\$ 39.8	\$ 48.8	\$ 15.0	\$ 39.8	\$ 54.8	\$ (6.0)		
- Project inspection fees	\$ -	\$ 41.6	\$ 41.6	\$ -	\$ 41.6	\$ 41.6	\$ (0.0)	(0%)	
<u>Marketing/External relations</u>	\$ 29.7	\$ 218.0	\$ 247.6	\$ 45.0	\$ 218.0	\$ 263.0	\$ (15.4)	(6%)	
<u>EM&V</u>	\$ -	\$ 72.5	\$ 72.5	\$ -	\$ 72.5	\$ 72.5	\$ 0.0		
<u>Rent and location related expenses</u>									
-Rent/Utilities/Maintenance	\$ 7.2	\$ 32.2	\$ 39.4	\$ 10.0	\$ 40.0	\$ 50.0	\$ (10.6)	(21%)	
-Telephone/Communications	\$ 1.8	\$ 8.1	\$ 10.0	\$ 2.5	\$ 11.0	\$ 13.5	\$ (3.5)	(26%)	
-Depreciation FF&E	\$ 4.7	\$ 21.0	\$ 25.7	\$ 6.0	\$ 25.0	\$ 31.0	\$ (5.3)	(17%)	
<u>Office, computer & other expenses</u>									
-Office expense/leases	\$ 3.2	\$ 14.2	\$ 17.3	\$ 3.5	\$ 17.0	\$ 20.5	\$ (3.2)	(15%)	
-Computer operations	\$ 2.1	\$ 94.7	\$ 96.7	\$ 3.0	\$ 109.0	\$ 112.0	\$ (15.3)	(14%)	
-Training/education/subscriptions	\$ 5.4	\$ 14.0	\$ 19.4	\$ 15.0	\$ 16.0	\$ 31.0	\$ (11.6)		
-Travel,meetings & related expenses	\$ 10.6	\$ 9.0	\$ 19.6	\$ 16.0	\$ 25.0	\$ 41.0	\$ (21.4)	(52%)	
-Insurance	\$ 9.5	\$ -	\$ 9.5	\$ 14.0	\$ -	\$ 14.0	\$ (4.5)	(32%)	
Subtotal:	\$ 465.0	\$ 1,577.0	\$ 2,042.0	\$ 570.5	\$ 1,720.9	\$ 2,291.4	\$ (249.3)	(11%)	
<u>Grant expenses(N2N)</u>	\$ -	\$ 138.0	\$ 138.0	\$ -	\$ 138.0	\$ 138.0	\$ -	0%	
<u>Interest Rate Buydowns</u>	\$ -	\$ 1.8	\$ 1.8	\$ -	\$ 1.8	\$ 1.8	\$ -		
<u>Financial Incentives-Grants & Rebates</u>	\$ -	\$ 278.5	\$ 278.5	\$ -	\$ 278.5	\$ 278.5	\$ -	0%	
Total expenses:	\$ 465.0	\$ 1,995.3	\$ 2,460.3	\$ 570.5	\$ 2,139.2	\$ 2,707.9	\$ (249.3)	(9%)	
FY14 revenues over FY14 expenses:			\$ 7,362.3			\$ 6,880.2	\$ 483.9		
Fin. Incen.:Grants/Rebates Paid - Pre FY14 commitments:			\$ (2,025.9)						
Revenues over expenses:			<u>\$ 5,336.4</u>						

Clean Energy Finance and Investment Authority
Statement of Revenues, Expenses
and Changes in Net Assets
For the three months ended September 30, 2013
(000's)

	Total Net Assets	6/30/2013	\$ 99,116.6
<u>FY 2014 expenses over income:</u>			7,362.2
Utility customer assessments		7,854.6	
Interest income		37.9	
RGGI auction proceeds		1,705.2	
Grant income		138.0	
Other income		86.8	
			9,822.5
Compensation		(1,369.8)	
Consulting and professional fees		(72.9)	
Marketing/External relations		(247.6)	
Project Inspection fees		(41.6)	
EM&V		(72.5)	
Rent and location related expenses		(75.1)	
Office, computer & other expenses		(162.5)	
			(2,042.0)
Interest Rate Buydowns - New Programs		(1.8)	
Residential Solar PV rebates		(278.5)	
			(280.3)
		NOTE: Subtotal, Recurring Programs	7,500.2
		Federal Grants	(138.0)
		NOTE: Subtotal, Non-Recurring/Special Programs	(138.0)
<u>Expenditures grants and rebates approved prior to FY14</u>			\$ (2,030.4)
RESIDENTIAL SOLAR PV INVESTMENT PROGRAM (Section 106,PA 11-80)		(1,249.5)	
CI&I On Site Generation - Solar PV		(209.7)	
GEO THERMAL,SOLAR THERMAL AND HOT WATER PROJECTS		(323.9)	
Operational Demonstration Program		(56.0)	
CHP Pilot		(150.0)	
Education & Outreach Programs		(36.7)	
Other		(4.6)	
			4.7
Other			\$ 4.7
Total Net Assets			\$ 104,453.1
9/30/2013			\$ 104,453.1

Clean Energy Finance and Investment Authority
Financial Analysis
For the three months ended September 30, 2013
Statement of Net Assets
(000's)

	Final 6/30/2013	YTD 9/30/2013	Budgeted 6/30/2014		Final 6/30/2013	YTD 9/30/2013	Budgeted 6/30/2014
<u>Assets</u>							
<i>Current assets</i>							
Cash and cash equivalents (Unrestricted)	\$ 67,796.4	\$ 71,406.9	\$ 11,006.9				
Utility receivables	\$ 2,604.8	\$ 2,375.3	\$ 2,200.0				
Accounts receivable	\$ 1,941.5	\$ 1,724.2	\$ 1,200.0				
Other current assets	<u>\$ 243.4</u>	<u>\$ 143.5</u>	<u>\$ 200.0</u>				
Total current assets	<u>\$ 72,586.1</u>	<u>\$ 75,649.9</u>	<u>\$ 14,606.9</u>				
<i>Noncurrent assets</i>							
<i>Investments</i>							
Promissory notes - solar lease program V1 ,net of reserve	\$ 11,240.2	\$ 11,125.1	\$ 10,496.8				
Promissory notes - solar lease program V2,net of reserve	\$ 2,300.0	\$ 2,300.0	\$ 2,185.0				
Promissory notes - solar loan program ,net of reserve	\$ -	\$ 85.0	\$ 2,937.4				
Promissory notes - WIN LISC program,net of reserve	\$ -	\$ -	\$ 1,800.0				
Promissory notes - Campus Efficiency NOW program ,net of reserve	\$ -	\$ -	\$ 900.0				
Promissory notes - Energy Efficiency Loan programs,net of reserve	\$ -	\$ -	\$ 4,750.0				
Promissory notes - CPACE program	\$ 86.0	\$ 573.2	\$ 24,296.2				
Promissory notes - Alpha/Op/Feas. Demo programs	\$ 100.0	\$ 150.0	\$ 667.5				
Promissory notes - Grid tied program program,net of reserve	\$ 3,581.5	\$ 4,906.5	\$ 6,570.0				
Promissory notes - AD/CHP programs	\$ -	\$ -	\$ 2,500.0				
Promissory notes - Solar PV Capital Competition program	\$ -	\$ -	\$ 1,000.0				
Promissory notes - Micro Grid program,net of reserve	\$ -	\$ -	\$ 4,500.0				
Equity Investment/Solar Lease program	\$ -	\$ -	\$ 4,500.0				
Investment in CEFIA Holdings, LLC	\$ 99.0	\$ 99.0	\$ -				
Equity/Debt investments (pre FY13)	\$ 1,000.0	\$ 1,000.0	\$ 2,000.0				
Investments-REC's	\$ 1,217.5	\$ 1,217.5	\$ 1,500.0				
Furniture,Equipment & L/H Improvements	\$ 362.5	\$ 339.5	\$ 200.0				
Due From CT Solar Lease 2 LLC - ARRA Funds for LLR	\$ 3,500.0	\$ 3,500.0	\$ 3,500.0				
Cash and cash equivalents (Restricted)	<u>\$ 4,859.7</u>	<u>\$ 4,860.9</u>	<u>\$ 7,874.5</u>				
Total non current assets	<u>\$ 28,346.4</u>	<u>\$ 30,156.7</u>	<u>\$ 82,177.4</u>				
Total assets	<u>\$ 100,932.4</u>	<u>\$ 105,806.5</u>	<u>\$ 96,784.3</u>				
<u>Liabilities and Net Assets</u>							
<i>Liabilities:</i>							
Accounts payable and accrued expenses	\$ 1,422.9	\$ 960.4	\$ 4,000.0				
Custodial account	\$ 360.00	\$ 360.00	\$ -				
Deferred Revenue	<u>\$ 33.0</u>	<u>\$ 33.0</u>	<u>\$ -</u>				
Total liabilities	<u>\$ 1,815.9</u>	<u>\$ 1,353.4</u>	<u>\$ 4,000.0</u>				
<i>Net Assets:</i>							
Investment in capital assets	\$ 362.5	\$ 339.5	\$ 200.0				
Restricted	\$ 8,143.7	\$ 8,144.9	\$ 11,374.5				
Unrestricted	<u>\$ 90,610.4</u>	<u>\$ 95,968.8</u>	<u>\$ 81,209.8</u>				
Total Net Assets	<u>\$ 99,116.5</u>	<u>\$ 104,453.1</u>	<u>\$ 92,784.3</u>				
Total Liabilities and Net Assets	<u>\$ 100,932.4</u>	<u>\$ 105,806.5</u>	<u>\$ 96,784.3</u>				

Clean Energy Finance and Investment Authority

Statement of Cash Flows

As of September 30, 2013

(000's)

	Actual Month of 9/30/2013	Actual YTD 9/30/2013	Budget Fiscal Year 6/30/2014
Cash flows from operating activities			
CASH IN:			
Proceeds from utility customer assessments	3,225.2	8,084.2	\$ 27,600.0
Proceeds from RGGI auctions	-	1,940.8	\$ 5,900.0
Proceeds from RGGI additional sources	-	-	\$ 12,800.0
Proceeds from grants	9.9	217.3	\$ 300.0
Proceeds from RECs/other income	322.6	378.1	\$ 150.0
Proceeds from Interest on deposits, investments, solar lease notes	13.6	48.7	\$ 260.0
CASH OUT:			
Expenditures General and Program Administration	(561.8)	(2,122.4)	\$ (10,500.0)
Expenditures federal grants (N2N)	(9.9)	(217.3)	\$ (300.0)
Expenditures grants and rebates approved prior to FY14	(477.5)	(2,104.3)	\$ (8,000.0)
Expenditures grants and rebates -other programs	(606.3)	(663.3)	\$ (5,100.0)
Expenditures residential solar lease PV program- rebates	-	-	\$ (4,750.0)
Expenditures-Credit Enhancement IRB	(1.2)	(1.8)	\$ -
Net cash used by operating activities	<u>\$ 1,914.5</u>	<u>\$ 5,560.0</u>	<u>\$ 18,360.0</u>
Cash flows from investing activities			
LOAN RECOVERY			
Return of principal on solar lease V1 promissory notes	57.1	171.8	\$ 720.0
Proceeds from residential solar loan program	-	-	\$ 75.0
	<u>57.1</u>	<u>171.8</u>	<u>795.0</u>
LOAN DISBURSEMENTS			
AD/CHP programs	(150.0)	(150.0)	\$ (2,500.0)
Alpha & Op Demo programs	-	-	\$ (1,335.0)
Campus Efficiency NOW program	-	-	\$ (875.0)
CPACE program	(167.6)	(487.2)	\$ (25,000.0)
Energy Efficiency Loan programs	-	-	\$ (5,000.0)
Grid tied program	(500.0)	(1,375.0)	\$ (3,500.0)
Micro Grid program	-	-	\$ (5,000.0)
Residential solar loan program - CT Solar Loan I	-	(85.0)	\$ (2,803.9)
Solar PV Capital Competition	-	-	\$ (1,000.0)
WINN LISC program	-	-	\$ (1,875.0)
	<u>(817.6)</u>	<u>(2,097.2)</u>	<u>(48,888.9)</u>
EQUITY INVESTMENTS			
Commercial solar lease (MUSH) program	-	-	(675.0)
Residential solar lease SHW program	-	-	(225.0)
Residential solar lease PV program	-	-	(3,600.0)
	<u>-</u>	<u>-</u>	<u>(4,500.0)</u>
Net cash used by investing activities	<u>\$ (760.5)</u>	<u>\$ (1,925.5)</u>	<u>\$ (52,593.9)</u>
Cash flows from capital activities			
Purchase of furniture, equipment & software	-	\$ (22.8)	\$ (25.0)
Net cash used in operating, investing and capital activities	<u>1,154.0</u>	<u>3,611.7</u>	<u>(34,258.9)</u>
State of Connecticut Cash Sweep	-	-	\$ (6,200.0)
Cash and cash equiv., Beginning of Period	75,113.8	72,656.1	\$ 62,840.3
Cash and cash equiv., End of Period	<u>\$ 76,267.8</u>	<u>\$ 76,267.8</u>	<u>\$ 22,381.4</u>
UNRESTRICTED CASH:	<u>\$ 71,406.9</u>	<u>\$ 71,406.9</u>	<u>\$ 11,006.9</u>
RESTRICTED CASH:	<u>\$ 4,860.9</u>	<u>\$ 4,860.9</u>	<u>\$ 11,374.5</u>
	<u>\$ 76,267.8</u>	<u>\$ 76,267.8</u>	<u>\$ 22,381.4</u>
Unfunded contingent liabilities and advances to affiliates::			
Unfunded grants and incentives (page 6):		\$ (19,014.9)	
Unfunded project loan financing arrangements (page 5):		\$ (23,346.2)	
Available in CPACE warehouse for new commitments (page 5):		\$ (27,183.4)	
Board commitment to provide equity to CT Solar Lease 2 LLC:		\$ (7,200.0)	
Board commitment to provide revolving loan advances to CT Solar Loan I LLC:		\$ (5,000.0)	
		<u>\$ (81,744.5)</u>	

Clean Energy Finance and Investment Authority
Statement of Program Investments & Guarantees
As of September 30, 2013

<u>Contract Date</u>	<u>Approval Date</u>	<u>Loan No.</u>	<u>Issuer</u>	<u>Project</u>	<u>Approved Commitment</u>	<u>Investment/ Advances to date</u>	<u>Reserve</u>	<u>Current Valuation</u>	<u>Interest Rate</u>	<u>Termination/ Maturity Date</u>
CPACE Construction Loan Program-Total Board Commitment \$40,000,000-Available \$27,183,436										
9/3/2013	02/15/13	CPACE-001	Main Street Ventures LLC	Construction Loan	\$ 1,992,976	\$ -	\$ -	\$ -	5.5%	TDB
4/1&8/13/2013	4/30/2013	CPACE-002	Elite Development Group	Construction Loan	\$ 559,950	\$ 86,000	\$ -	\$ 86,000	4.5%	TDB
6/17/2013	04/30/13	CPACE-003	Bushnell Memorial Hall	Construction Loan	\$ 384,016	\$ -	\$ -	\$ -	5.0%	TDB
	4/30&7/2/2013	CPACE-004	Bridgeport International Academy	Construction Loan	\$ 603,662	\$ -	\$ -	\$ -	5.0%	TDB
11/1/2013	06/21/13	CPACE-005	Danbury YMCA	Construction Loan	\$ 87,938	\$ -	\$ -	\$ -	5.5%	TDB
7/22/2013	06/21/13	CPACE-006	Walnut Hutley LLC	Construction Loan	\$ 145,000	\$ 132,550	\$ -	\$ 132,550	5.5%	TDB
6/28/2013	06/24/13	CPACE-007	Identification Products Corp.	Construction Loan	\$ 107,556	\$ 107,566	\$ -	\$ 107,566	5.5%	TDB
7/22/2013	07/02/13	CPACE-008	ICH, Inc.	Construction Loan	\$ 325,000	\$ 247,125	\$ -	\$ 247,125	5.5%	TDB
10/24/2013	07/02/13	CPACE-009	80 Lamberton Road LLC	Construction Loan	\$ 1,818,486	\$ -	\$ -	\$ -	5.5%	TDB
9/3/2013	07/02/13	CPACE-010	MK Simsbury Group	Construction Loan	\$ 674,566	\$ -	\$ -	\$ -	5.5%	TDB
9/1/2013	07/02/13	CPACE-011	MK Roscommon Group	Construction Loan	\$ 2,513,915	\$ -	\$ -	\$ -	5.5%	TDB
	07/02/13	CPACE-012	290 Pratt LLC	Construction Loan	\$ 1,990,000	\$ -	\$ -	\$ -	5.5%	TDB
	08/26/13	CPACE-013	True Value Hardware	Construction Loan	\$ 259,000	\$ -	\$ -	\$ -	5.5%	TDB
10/25/2013	09/03/13	CPACE-014	Larson Ace Hardware	Construction Loan	\$ 148,500	\$ -	\$ -	\$ -	5.5%	TDB
	09/03/13	CPACE-015	Crest Mechanical	Construction Loan	\$ 350,000	\$ -	\$ -	\$ -	5.5%	TBD
	09/03/13	CPACE-016	WB Staebler Properties	Construction Loan	\$ 378,000	\$ -	\$ -	\$ -	5.5%	TDB
	10/29/13	CPACE-017	Mitchell's Automotive	Construction Loan	\$ 478,000	\$ -	\$ -	\$ -	5.5%	TBD
					\$ 12,816,564	\$ 573,241	\$ -	\$ 573,241		
Fuel Cell Project Financing										
3/5/2013		FCE-001	Fuel Cell Energy, Inc.	Development of Bridgeport Fuel Cell Park	\$ 5,873,188	\$ 4,906,495	\$ -	\$ 4,906,495	5%	3/31/2026
					\$ 5,873,188	\$ 4,906,495	\$ -	\$ 4,906,495		
Anaerobic Digester Financing										
	9/13/2013	AD-001	Greenpoint Energy Partners LLC	Development of Anaerobic Facility in the City of Ansonia	\$ 4,500,000	\$ -	\$ -	\$ -	2%	TDB
					\$ 4,500,000	\$ -	\$ -	\$ -		
Energy Efficiency Financing of Low to Moderate Income Housing										
8/13/2013			LISC/WinnDevelopment Co LP	Combination of loan participation and interest repayment guarantees for energy efficiency upgrades to low and moderate income housing	\$ 2,000,000	\$ -	\$ -	\$ -	TDB	TDB
					\$ 2,000,000	\$ -	\$ -	\$ -		

Clean Energy Finance and Investment Authority
Statement of Program Investments & Guarantees
As of September 30, 2013

<u>Contract Date</u>	<u>Approval Date</u>	<u>Loan No.</u>	<u>Issuer</u>	<u>Project</u>	<u>Approved Commitment</u>	<u>Investment/ Advances to date</u>	<u>Reserve</u>	<u>Current Valuation</u>	<u>Interest Rate</u>	<u>Termination/ Maturity Date</u>
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CEFIA Guarantees

<u>Commitment Date</u>	<u>Lender/Equity Holder</u>	<u>Project</u>	<u>Max. Amount</u>
6/28/2013	Firststar Development LLC	Guarantee of performance obligations of CEFIA Solar Service Inc under Solar Lease 2 program	\$ 4,000,000
8/13/2013	Webster Bank	Energy installer line of credit	TBD

Clean Energy Finance and Investment Authority
Statement of Incentives, Grants and Rebates
As of September 30, 2013
(000's)

Program	Pre FY14 Programs			
	Commitments Outstanding 6/30/2013	Fundings YTD FY14	Withdrawn	Commitments Outstanding 08/31/2013
Pre FY13				
Project 150	\$ 1,500.0	\$ -	\$ -	\$ 1,500.0
Commercial Solar (for profit)	\$ 1,658.3	\$ (209.7)	\$ -	\$ 1,448.6
Commercial Solar (not for profit/government)	\$ 1,515.9	\$ -	\$ -	\$ 1,515.9
Fuel Cell program	\$ 2,194.9	\$ -	\$ -	\$ 2,194.9
CI&I On Site Generation -Feasibility Studies	\$ 130.0	\$ -	\$ -	\$ 130.0
Residential Solar PV Investment Program (non PBI) Pre FY13	\$ 147.5	\$ (16.6)	\$ -	\$ 130.9
Residential Solar PV Investment Program (FY12 PBI - to be paid out in current & future years)	\$ 776.8	\$ (35.0)	\$ -	\$ 741.7
Solar Thermal/Geothermal/Solar Hot Water Programs	\$ 1,033.6	\$ (323.9)	\$ -	\$ 709.7
Operational Demonstration & Alpha Programs	\$ 213.4	\$ (56.0)	\$ -	\$ 157.4
Education & Outreach Programs	\$ 204.8	\$ (30.6)	\$ -	\$ 174.2
Subtotal Pre FY13	\$ 9,375.3	\$ (671.9)	\$ -	\$ 8,703.4
FY13				
CHP Pilot	\$ 934.5	\$ (150.0)	\$ -	\$ 784.5
Residential Solar PV Investment Program (non PBI) FY13	\$ 2,194.2	\$ (1,098.7)	\$ -	\$ 1,095.5
Residential Solar PV Investment Program (FY13 PBI - to be paid out in current & future years)	\$ 4,312.0	\$ (99.2)	\$ -	\$ 4,212.8
Education & Outreach -CTHSS	\$ 363.4	\$ (6.1)	\$ -	\$ 357.3
Subtotal FY13	\$ 7,804.1	\$ (1,354.0)	\$ -	\$ 6,450.1
	\$ 17,179.4	\$ (2,025.9)	\$ -	\$ 15,153.5

Program	FY 14 Programs				
	FY14 Budget	FY14 Commitments	Fundings YTD FY14	Withdrawn	Commitments Outstanding 08/31/2013
Maintain					
Clean Energy Communities	\$ 550.0	\$ 737.0	\$ -	\$ -	\$ 737.0
Community Innovation Grants	\$ 75.0	\$ -	\$ -	\$ -	\$ -
Project Opportunities/Strategic Investment Fund	\$ 500.0	\$ -	\$ -	\$ -	\$ -
Statutory					
Residential Solar PV Investment Program (Non PBI)	\$ 9,200.0	\$ 1,642.1	\$ (278.5)	\$ -	\$ 1,363.6
Residential Solar PV Investment Program (FY14 PBI - to be paid out in current & future years)	\$ -	\$ 1,510.8	\$ -	\$ -	\$ 1,510.8
Anaerobic Digester Pilot	\$ 1,000.0	\$ -	\$ -	\$ -	\$ -
CHP Pilot	\$ 2,000.0	\$ -	\$ -	\$ -	\$ -
Commercial & Industrial					
Solar PV Capital Competition (REC Purchases)	\$ 525.0	\$ -	\$ -	\$ -	\$ -
Clean Energy Business Solutions	\$ 3,000.0	\$ 250.0	\$ -	\$ -	\$ 250.0
	\$ 16,850.0	\$ 4,139.9	\$ (278.5)	\$ -	\$ 3,861.4
			\$ (2,304.4)		\$ 19,014.9

**Clean Energy Finance and Investment Authority
 Financial Analysis
 Utility Customer Assessment Analysis
 For the three months ended September 30, 2013
 (000's)**

	<u>FY 14 Actual</u>	<u>FY14 Budget</u>	<u>(Under) Over FY 14</u>
July	\$ 2,820.2	\$ 2,650.0	\$ 170.2
August	\$ 2,659.2	\$ 2,850.0	\$ (190.8)
September	\$ 2,375.3	\$ 2,400.0	\$ (24.7)
October	\$ -	\$ 2,150.0	
November	\$ -	\$ 2,000.0	
December	\$ -	\$ 2,250.0	
January	\$ -	\$ 2,450.0	
February	\$ -	\$ 2,300.0	
March	\$ -	\$ 2,250.0	
April	\$ -	\$ 2,250.0	
May	\$ -	\$ 1,850.0	
June	\$ -	\$ 2,200.0	
Total assessments:	<u>\$ 7,854.6</u>	<u>\$ 27,600.0</u>	<u>\$ (45.4)</u> <u>-0.6%</u>

Clean Energy Finance and Investment Authority
ARRA Funds - Financial Analysis
Loan Loss and Interest Rate Buydown Outlays
For Quarterly Report to DEEP - 9/30/2013

<u>Loan Loss Reserve</u>		(7/2013-9/2013) No of Loans Supported	(7/2013-9/2013) Loans Supported - \$	Loan Loss Reserve	(7/2013-9/2013) No of Loan Writeoffs	(7/2013-9/2013) Loan Writeoffs - \$	(7/2013-9/2013) No of Loans Fully Repaid	(7/2013-9/2013) Loans Fully Repaid - \$
<u>Energy Efficiency Loan Programs (CE Financial Innovation Program)</u>								
Agreement Date								
02/28/13	Core Plus FCU	4	\$ 32,800.00	\$ 22,500.00	-	\$ -	-	\$ -
04/13/13	Eastern Savings Bank	1	\$ 10,000.00	\$ 22,500.00	-	\$ -	-	\$ -
09/05/13	Liberty Bank	-	\$ -	\$ 68,750.00	-	\$ -	-	\$ -
05/20/13	Naugatuck Savings Bank	1	\$ 21,000.00	\$ 22,500.00	-	\$ -	-	\$ -
04/23/13	Nutmeg State FCU	-	\$ -	\$ 22,500.00	-	\$ -	-	\$ -
04/12/13	Patriot National Bank	1	\$ 10,500.00	\$ 68,750.00	-	\$ -	-	\$ -
05/22/13	Thomaston Savings Bank	-	\$ -	\$ 22,500.00	-	\$ -	-	\$ -
08/14/13	Union Savings Bank	-	\$ -	\$ 22,500.00	-	\$ -	-	\$ -
<i>Sub total Energy Efficiency Loan Program:</i>		7	74,300.00	272,500.00	-	\$ -	-	\$ -
<u>CT Solar Loan I (CE Financial Innovation Program)</u>								
03/26/13	CEFIA (Administered by Sungage)	4	\$ 81,608.00	\$ -	-	\$ -	-	\$ -
<i>Sub total Cozy Loan Program:</i>		4	\$ 81,608.00	\$ -	-	\$ -	-	\$ -
<u>Cozy loan Program (CE Financial Innovation Program)</u>								
03/26/13	The Housing development Fund	-	\$ -	\$ 360,000.00	-	\$ -	-	\$ -
<i>Sub total Cozy Loan Program:</i>		-	\$ -	\$ 360,000.00	-	\$ -	-	\$ -
<u>Solar Lease 2 Program (CE Financing Program)</u>								
06/28/13	CEFIA Solar Lease 2 LLC	-	\$ -	\$ 3,500,000.00	-	\$ -	-	\$ -
<i>Sub total Solar Lease 2 Program:</i>		-	\$ -	\$ 3,500,000.00	-	\$ -	-	\$ -
Total - All Programs:		11	\$ 155,908.00	\$ 4,132,500.00	-	\$ -	-	\$ -

**Clean Energy Finance and Investment Authority
ARRA Funds - Financial Analysis
Loan Loss and Interest Rate Buydown Outlays
For Quarterly Report to DEEP - 9/30/2013**

<u>Interest Rate Buydown Reserve</u>		(7/2013-9/2013)	(7/2013-9/2013)	(7/2013-9/2013)	(7/2013-9/2013)	(7/2013-9/2013)	(7/2013-9/2013)	(7/2013-9/2013)
<u>Institution</u>		<u>No of Loans</u>	<u>Loans</u>	<u>IRB</u>	<u>No of Loan</u>	<u>Loan</u>	<u>No of Loans</u>	<u>Loans Fully</u>
		<u>Supported</u>	<u>Supported - \$</u>	<u>Reserve</u>	<u>Writeoffs</u>	<u>Writeoffs -\$</u>	<u>Fully Repaid</u>	<u>Repaid - \$</u>
<u>Energy Efficiency Loan Programs (CE Financial Innovation Program)</u>								
Agreement Date		Total Reserve for Program:		\$ 200,000.00				
05/17/13	Core Plus FCU	4	\$ 32,800.00	\$ (848.88)	-	\$ -	-	\$ -
07/18/13	Eastern Savings Bank	1	\$ 10,000.00	\$ (243.23)	-	\$ -	-	\$ -
09/05/13	Liberty Bank	-	\$ -	\$ -	-	\$ -	-	\$ -
06/03/13	Naugatuck Savings Bank	1	\$ 21,000.00	\$ (453.81)	-	\$ -	-	\$ -
05/14/13	Nutmeg State FCU	-	\$ -	\$ -	-	\$ -	-	\$ -
05/25/13	Patriot National Bank	1	\$ 10,500.00	\$ (264.13)	-	\$ -	-	\$ -
08/02/13	Quinnipiac Bank	-	\$ -	\$ -	-	\$ -	-	\$ -
08/14/13	Union Savings Bank	-	\$ -	\$ -	-	\$ -	-	\$ -
Sub total Energy Efficiency Loan Program:		7	\$ 74,300.00	\$ 198,189.95	-	\$ -	-	\$ -

Cozy loan Program (CE Financial Innovation Program)

Agreement Date		Total Reserve for Program:		\$ 50,000.0	-	\$ -	-	\$ -
03/26/13	The Housing Development Fund		\$ -	\$ -	-	\$ -	-	\$ -
Sub total Cozy Loan Program:			\$ -	\$ 50,000.0	-	\$ -	-	\$ -

ARRA Used for LLR:	\$ 4,132,500.00
ARRA Funds Used for IRB:	\$ 250,000.00
Total ARRA Outlays:	\$ 4,382,500.00
CE Financial Innovation Program:	\$ 882,500.00
CE Energy Financing Program:	\$ 3,500,000.00
	\$ 4,382,500.00

Note 1: DEEP considers the practice of transferring funds internally to another account and executing a written obligation with a third-party establishing a LLR or IRB reserve to be an "outlay". The CEFIA BOD authorized setting aside \$300,000 in ARRA funds for an LLR for the CT Solar Loan I program. To date all loans have been funded by CEFIA and an agreement to sell the loans and set up an LLR for \$300,000 has not been executed with a third party. Once this is done, CEFIA will recognize the \$300,000 as an "outlay" for DEEP reporting.

Clean Energy Finance and Investment Authority
Financial Analysis
Condensed Statements of Net Assets for CEFIA SPVs
As of September 30, 2013

	<u>CEFIA Holdings LLC</u>	<u>CEFIA Solar Loan I</u>	<u>CEFIA Solar Services Inc.</u>	<u>CT Solar Lease 2 LLC</u>	<u>Total</u>
Assets					
Cash - Unrestricted	23,789	47,509	450	338,247	409,995
Cash - Restricted: Operating & Maintenance Reserve	-	-	-	1,000,000	1,000,000
Cash - Restricted: Debt Reserve (ARRA)	-	-	-	3,502,250	3,502,250
Investment in CEFIA Solar Services, Inc.	100	-	-	-	100
Investment in CT Solar Lease 2 LLC	-	-	100	-	100
Due from CT Solar Lease 2 LLC	-	-	3,500,000	-	3,500,000
Due from CEIA Solar Services, Inc.	11,000	-	-	-	11,000
Due from CT Solar Loan I LLC	148,850	-	-	-	148,850
Residential Solar Loans	-	101,841	-	-	101,841
Prepaid Insurance	-	-	-	10,751	10,751
Total Assets	183,739	149,350	3,500,550	4,851,247	8,684,886
Liabilities					
Due to CEFIA	85,000	-	3,500,000	2,350,000	5,935,000
Due to CEFIA Holdings, LLC	-	148,850	11,000	-	159,850
Due To CEFIA Solar Services, Inc	-	-	-	3,500,000	3,500,000
Net Assets					
Capital Contribution - CEFIA	99,000	-	-	-	99,000
Capital Contribution - CI	1,000	-	-	-	1,000
Capital Contribution - Firststar Development LLC	-	-	-	236,594	236,594
Capital Contribution - CEFIA Solar Services	-	-	-	100	100
Common Stock - Paid in Capital	-	-	100	-	100
Accumulated Income (Deficit)	(1,261)	500	(10,550)	(1,235,447)	(1,246,758)
Total Net Assets and Liabilities	183,739	149,350	3,500,550	4,851,247	8,684,886



Memo

To: Budget and Operations Committee

From: Bryan Garcia, President and CEO, Mackey Dykes, Chief of Staff, and Suzanne Kaswan, Vice President, Human Resources at Connecticut Innovations

Date: October 30, 2013

Re: Sick Leave Bank Policy Revision

Background

Connecticut Innovations established a Sick Leave Bank in 2009 – see Appendix I. Employees donated sick time to this bank in order to allow employees with a documented qualified illness or injury to withdraw time from the Sick Leave Bank in order to be paid until our short term disability insurance becomes effective on the 31st day after the qualifying illness or injury. CEFIA adopted the Sick Leave Bank on December 16, 2011 as part of the Employee Handbook which was approved by the CEFIA Board of Directors. The Sick Leave Bank is now jointly administered for the benefit of employees at both CI and CEFIA. CEFIA is proposing an adjustment to the Sick Leave Bank Policy to not require that vacation days be used up first before accessing the Sick Leave Bank by participating staff.

Comparison of Sick Leave Bank Policies

At the time CI created the Sick Leave Bank in 2009, it was based on the Sick Leave Bank designed for classified managers in State Service – see the attached document entitled “An Important Fact Sheet for State of Connecticut Managers Regarding the Managerial Sick Leave Bank Background and Participation”. However, due to the fact that CI (and CCEF) only had about 50 employees at that time, we made it more restrictive. The State Manager’s Sick Leave Bank has over 1,600 managers who are eligible to enroll. Eligible managers can withdraw pay for ½ days to a maximum of 200 days. As CCEF and CI only had about 50 staff at that time and we wanted them to be able to withdraw a maximum of 10 calendar days per year, we made our requirements more stringent so that the bank would not be depleted too quickly in the unfortunate event that it was needed – see Table 1 for Sick Leave Bank Policy Comparison with CEFIA proposed revision.

Table 1. Comparison of Sick Leave Bank Policy between the State of Connecticut, CI, and Proposed CEFIA Revision

	State of Connecticut	Current CI/CEFIA Policy	CEFIA Proposed Revision
Enrollment Period	After eligible, they have 90 calendar days to accept or decline participation	Open one-time annual enrollment by September 20, 2013	Open one-time annual enrollment by September 20, 2013
Position Level Eligibility	Managers and above	All employees	All employees
Years of Service Eligibility	Two or more years of state service	After first 6-month review	After first 6-month review
Usage After Exhaust: <ul style="list-style-type: none"> • Sick Leave • Personal Leave • Comp Time • Vacation Time 	<ul style="list-style-type: none"> • Yes • Yes • Yes • No – only if accrued in excess of 60 days 	<ul style="list-style-type: none"> • Yes • Yes • Yes • Yes* 	<ul style="list-style-type: none"> • Yes • Yes • Yes • No – only if accrued in excess of 30 days
Initial Donation into Bank Required	One day of sick leave	One day of sick leave	One day of sick leave
Pay Rate of a Sick Leave Day	One-half day for each sick day	One day of sick leave	One day of sick leave
Number of Days Employee Can Use	Up to 200 of the one-half day for each sick day	Up to 10 days per calendar year	Up to 10 days per calendar year

*CI will propose a similar policy revision to the Sick Leave Bank Policy requiring that employees exhaust all of their sick, personal leave and compensatory time and all but 30 days (240 hours) of their vacation time.

CEFIA is proposing to adjust the usage requirements to not require that vacation time be used if an employee has less than 30 days accrued.

Sick Leave Bank Value and Cost Analysis

In 2009, out of the 50 employees eligible at CI and CCEF, 19 opted to participate in the Sick Leave Bank and there was a total of 192 hours donated to the Bank. Our bank was primarily designed to allow staff to donate in order to help staff be paid during the waiting period for our short term disability policy to become effective (31 calendar days after a qualified illness or injury). Since 2009, none of the 192 hours donated were used.

Now that the Sick Leave Bank is being operated jointly for the benefit of CI and CEFIA employees, there are 93 employees eligible to participate. We recently conducted an open enrollment and total participation rose to 28 employees and donations increased to 400 hours in the Sick Leave Bank – see Table 2 for Value of the Sick Leave Bank. Therefore, we believe that the organizations can be less conservative in our guidelines for withdrawal. A copy of Management Personnel Policy 97-1, which gives full background on the State’s Managerial Sick Leave Bank, is attached to this memorandum for your review.

Table 2. Value of the Sick Leave Bank

	CI and CEFIA Sick Leave Bank Today
Number of CI and CEFIA Employees	93
Number of Sick Leave Bank Participants	28
Number of Hours Donated into Sick Leave Bank	400
Value of Hours Donated into Sick Leave Bank ¹	\$24,417.73
Value of a Sick Leave Bank Hour	\$61.04
Total Hours Used from Sick Bank Participants	0

The average hourly rate of all CI and CEFIA employees is \$48.10 versus the hourly rate of Sick Leave Bank participants of \$61.04.

- 10 of the participating Sick Leave Bank participants make less than the \$48.10 average hourly rate of all CI and CEFIA employees;
- 6 of the participating Sick Leave Bank participants make less than the hourly rate of the Sick Leave Bank participants, but more than the average hourly rate of all CI and CEFIA employees; and
- 12 of the participating Sick Leave Bank participants make more than the average hourly rate of the Sick Leave Bank participants.

This means that about one-third of the Sick Leave Bank participating employees are lower level staff (i.e. below director level), while the remaining are director-level and above.

Given the current number of hours in the bank, current leave accruals of participants, and the existing rules, the maximum drawdown that could occur to the bank is 384 hours. As a result of the proposed change, the maximum drawdown possible would increase to the total number of hours in the bank, 400 hours. This increase of 16 hours yields a maximum cost of \$976.64.

Rationale for Sick Leave Bank Adjustment

Our benefits package has allowed us to recruit several incredibly high caliber candidates. The Sick Leave Bank is an important part of our recruitment and retention strategy because:

- CEFIA employees presently earn ten sick days per year – five less than employees at most State Agencies (due to the paid short and long-term disability insurance that employees receive);
- CEFIA has a growing talented workforce with many recent hires and employees who have not had the opportunity to build up a substantial sick leave balance;
- In addition, due to the new requirements of the Health Enhancement Plan established in 2011, employees who participate in this plan are required to take sick time to attend mandatory preventative wellness visits for themselves and enrolled family members. This also affects the ability to build up a balance of sick leave days for staff to take in the event of a medical emergency; and

¹ Based on actual data for the hourly wage of participating employees

- Unlike other businesses and organizations that value employee recruitment and retention, CEFIA has no paid maternity or paternity leave policy.

Recommendation

Currently, the Sick Leave Bank policy requires that employees exhaust all other time (vacation, personal leave and compensatory time) prior to accessing the sick leave bank. However, once short term disability insurance coverage begins (31 days after a qualified illness or injury), an employee is only paid about 70% of their pay. They can supplement this using their leave accruals (vacation, personal leave), but they can't supplement this with sick accruals. In addition, if an employee had to take all their vacation accruals prior to accessing the Sick Leave Bank, it would leave them with no accrued time. This makes it difficult in the event of a serious illness or injury to deal with follow up appointments or family issues relating to the birth of a child.

CEFIA staff recommend modifying the Sick Leave Bank Policy by removing the requirement that employees exhaust all of their vacation accruals. Employees would be required to exhaust their vacation accruals in excess of thirty (30) days. Employees would still be required to exhaust their personal leave, compensatory time and sick leave accruals before accessing the Sick Leave Bank. This is consistent with the state's managerial Sick Leave Bank policy. However, it is more stringent than that policy as we are requiring employees to exhaust all vacation time in excess of 30 days and the State's policy requires the exhaustion of vacation time in excess of 60 days. Removing the requirement to exhaust vacation accruals will allow employees to supplement their pay with vacation leave when short term disability kicks in. It also will not exhaust all their vacation leave balance. In addition, the State's Managerial Sick Leave policy requires that the manager has not been disciplined for sick leave abuse during the two (2) year period preceding application for this benefit; provided however, the committee may waive this requirement. We recommend modifying our current policy to allow a team composed of Sr. Management within CI/CEFIA and human resources to waive this requirement depending upon the circumstances of the employee.

Resolution

RESOLVED, that the Budget and Operation committee recommends that the Board of Directors approve the following CEFIA Handbook revisions marked in **bold**:

The CEFIA Sick Leave Bank is a pool of sick days that has been established by employees of CEFIA who have made a donation of their accumulated sick days. The Bank is available to members to draw up to ten (10) eight- hour sick days per year in the unfortunate event that they experience a qualified illness or injury.

Sick Leave Bank members will receive benefits in the form of paid sick leave if all of the following requirements are met:

- the member has a medical condition that prevents them from working that has been verified by a Medical Certificate OR a member's immediate family member has a medical condition that has been verified by a Medical Certificate and requires the Sick Leave Bank member's care;

- the member has been out on approved medical leave (paid or unpaid) as described above for at least two consecutive weeks;
- the member has exhausted all of their sick, ~~vacation~~, personal leave and compensatory time;
- **the member has exhausted all of their vacation time in excess of 30 days (or 240 hours)**
- the member has not been disciplined for an absence-related reason for the past 12 months; **provided however, a committee comprised of Senior Management and Human Resources may waive this requirement:**
- the member has completed a Sick Leave Bank Withdrawal Request Form and it has been approved by human resources

Submitted by: Bryan Garcia, President and CEO, Mackey Dykes, Chief of Staff, and Suzanne Kaswan, Vice President of Human Resources at Connecticut Innovations

APPENDIX I

Connecticut Innovations Sick Leave Bank Policy

What is the Sick Leave Bank?

The **Sick Leave Bank** is a pool of sick days that has been established by employees of Connecticut Innovations who have made a donation of their accumulated sick days. The Bank is available to members to draw up to ten (10) eight- hour (or for part-time employees, the number of hours that employee normally works in a day) sick days per year in the unfortunate event that they experience a qualified illness or injury. **(Maximum number of days available per calendar year for withdrawal related to H1N1 pandemic – 5 days).**

Enrollment

Employees may become members of the Sick Leave Bank by donating at least 8 hours of sick leave to the pool. Enrollment for membership in the Sick Leave Bank may occur under any of the following circumstances:

- At the inception of the bank on March 9, 2009 or within thirty (30) days thereafter
- New employees who have completed their introductory period (six months of service) may donate to the bank within 30 days of being eligible
- Employees (that have completed their introductory period) who have not previously chosen to participate may enroll during an open enrollment period.
- During an open enrollment period deemed necessary by management

Benefits

- Members may request to draw from the bank by submitting a Sick Leave Bank Withdrawal Request Form to human resources. Subject to the program terms, employees may draw up to ten (10) sick days per fiscal year in the unfortunate event that they experience a qualified illness or injury. **(Maximum number of days available per calendar year for withdrawal related to H1N1 pandemic – 5 days).**

Eligibility

Sick Leave Bank members will receive benefits in the form of paid sick leave if all of the following requirements are met:

- the member has a medical condition that prevents them from working that has been verified by a Medical Certificate OR a member's immediate family member has a medical condition that has been verified by a Medical Certificate and requires the Sick Leave Bank member's care. **WAIVED when usage related to H1N1 pandemic**
- the member has been out on approved medical leave (paid or unpaid) as described above for at least ten consecutive days. **WAIVED when usage related to H1N1 pandemic**
- the member has exhausted all of their sick, vacation, personal leave and compensatory time. **Vacation requirement WAIVED when usage related to H1N1 pandemic**

- the member has not been disciplined for an absence-related reason for the past 12 months
- the member has completed a Sick Leave Bank Withdrawal Request Form and it has been approved by human resources.
- **Maximum number of days available per calendar year for withdrawal related to H1N1 pandemic – 5 days**

For purposes of the Sick Leave Bank, immediate family is defined as an employee's spouse, parent, brother, sister, child, grandparent, grandchild, in-law, legal guardian or permanent resident of the employee's household (as defined in the CI Handbook).

Guidelines for Use

- Paid sick leave from the Bank shall be approved in units of eight (8) hour sick days for not more than ten (10) consecutive business days (five day maximum for usage related to H1N1 pandemic). In the case of a part-time employee (who works less than 8 hours per day), paid sick leave shall be in a unit equal to the number of hours the part-time employee works each day for not more than ten (10) consecutive business days. The maximum number of sick leave days any member may draw from the Sick Leave Bank in any fiscal year is ten (10).
- Elective surgery is not considered a qualified illness or injury. Members may not draw paid sick leave days from the Sick Leave Bank for elective surgery.
- If a member receives paid hours from the Sick Leave Bank and is later reimbursed for the same hours by an insurance company, workers compensation, Long-Term Disability benefits or any other source, the member must repay the Bank for the paid sick leave days for which they were reimbursed.
- If necessary to replenish the bank, CI management may, at any time, establish an open enrollment period during which employees will have an opportunity to donate their accumulated sick leave.
- Employees that choose to participate in the Sick Leave Bank must donate at least eight hours of sick leave to the pool, but can donate as many hours over and above the minimum requirement as they choose.
- Donations of sick leave to the Bank are nonrefundable and nontransferable, unless the Bank is dissolved by CI management.

CEFIA Sick Leave Bank Handbook Language

Sick Leave Bank

The CEFIA Sick Leave Bank is a pool of sick days that has been established by employees of CEFIA who have made a donation of their accumulated sick days. The Bank is available to members to draw up to ten (10) eight- hour sick days per year in the unfortunate event that they experience a qualified illness or injury.

Sick Leave Bank members will receive benefits in the form of paid sick leave if all of the following requirements are met:

- the member has a medical condition that prevents them from working that has been verified by a Medical Certificate OR a member's immediate family member has a medical condition that has been verified by a Medical Certificate and requires the Sick Leave Bank member's care.
- the member has been out on approved medical leave (paid or unpaid) as described above for at least two consecutive weeks.
- the member has exhausted all of their sick, vacation, personal leave and compensatory time
- the member has not been disciplined for an absence-related reason for the past 12 months
- the member has completed a Sick Leave Bank Withdrawal Request Form and it has been approved by human resources

All requests for utilization of the sick leave bank must be in accordance with the Sick Leave Bank Policy. Please contact Human Resources for a complete copy of the sick leave bank policy.



Official Memoranda

HUMAN RESOURCES

TO: Agency Personnel Administrators
FROM: Alan J. Mazzola, Deputy Commissioner
RE: Management Personnel Policy 97-1, Sick Leave Bank
DATE: February 18, 1997

Below is a copy of Management Personnel Policy 97-1 relating to the new Sick Leave Bank for managers. The purpose of this Bank is to provide sick leave benefits to managers who have exhausted vacation time (in excess of 60 days) sick leave, personal leave and compensatory time have been exhausted due to serious illness/injury.

This fund will be established through contributions of hours from both the State and managers (who choose to participate). Enrollment information will be distributed shortly. Those electing to enroll will be required to contribute the hourly equivalent of one day toward the Bank. Any manager requesting the use of this benefit will make an application to the Management Committee. The Committee will approve/disapprove this benefit based on the enclosed criteria. The benefit period shall not exceed more than 200 ½ days in any one fiscal year.

Please make your managers aware of this policy.

If any personnel office has any questions, feel free to contact Peter Rozantes at 860.566.5570. All other employees are advised to contact their own personnel office.



Alan J. Mazzola, Deputy Commissioner

Department of Administrative Services

Encl.

97-06

MANAGEMENT PERSONNEL POLICY 97-1

Sick Leave Bank

Section One. Definition. There shall be an Emergency Sick Leave Bank to be used by full-time permanent managers. For purposes of this Management Personnel Policy, "manager" means an employee designated as a manager in accordance with Connecticut General Statutes, Sections 5-196 (cc) or 5-270 (g).

Section Two. Eligibility. A manager shall be eligible to use sick leave benefits from the bank when:

- (a)** The manager has been employed by the State for two (2) or more years.
- (b)** The manager has exhausted all sick leave, personal leave, and compensatory time.
- (c)** The manager has exhausted vacation leave in excess of sixty (60) days.
- (d)** The illness or injury is not covered by Workers' Compensation or

such compensation benefit has been exhausted.

(e) An acceptable medical certificate supporting the continued absence is on file.

(f) The manager has not been disciplined for sick leave abuse during the two (2) year period preceding application for the benefit; provided, however, the committee may waive this requirement.

(g) The manager has made a determination in writing on a form provided by the employer to participate in this sick leave bank plan and to allow the State to deduct such time as is specified in this Management Personnel Policy to administer the bank. This determination shall be made at the time of the establishment of this bank. For employees not designated as managers as of the effective date of this item, determination to participate in this sick leave bank plan shall be made after the employee has met the provisions of Section Two (a) above..

Section Three. Benefit Amount. Benefits under this Article shall be paid at the rate of one-half (1/2) day for each day of illness or injury. Payments shall begin on the sixteenth (16th) day after the exhaustion of leave or Workers' Compensation benefit, as provided in Section Two. No manager shall be eligible to draw from the bank more than once per fiscal year, nor more than two hundred (200) one-half (1/2) days per fiscal year of illness or injury, nor if the fund is depleted. Managers receiving benefits under this policy shall not accrue vacation or sick leave during the period of benefits or be eligible for holiday or other paid leave benefits during such period.

Section Four. Retention of Position. The Employer shall hold the position of any manager who has been placed on sick leave bank for a period of not less than forty-two (42) calendar days. If a manager remains on the sick leave bank for more than forty-two (42) calendar days, he/she, pursuant to the provisions of Connecticut General Statutes, Section 5-248a, shall be entitled to an equivalent position with equivalent pay in state service if he/she returns to work within twenty-four (24) weeks of his/her initial placement on the sick leave bank. This provision shall not preclude agencies from holding the position for longer periods up to and including the actual length of the leave.

Section Five. The Fund. The fund is established through contributions of hours from both the State and participating managers. Effective on the first day of the payroll period following approval of this management personnel policy, each participating full-time manager employed for two (2) or more years shall contribute the hourly equivalent of one day toward the sick leave bank. Said contribution shall be deducted from their individual sick leave balance on such date. Effective that same date, the Employer shall contribute 1,000 hours to the fund.

Any participating manager who becomes eligible to utilize the sick leave bank through completion of two (2) years of employment shall contribute the hourly equivalent of one day toward the sick leave bank at that time..

If at any time the fund should fall below 5,000 hours, the Committee referenced in Section Six shall recommend a modification in this Management Personnel Policy. Any adjustments that are made will be made through an amendment to this Management Personnel Policy.

Section Six. Administration of the Program. An eligible manager requesting use of emergency sick leave may make application on the prescribed form to a Management Committee established to administer the program. Said Committee shall be comprised of two (2) members; one (1) from the Employer and one (1) from the Management Advisory Council. Any determinations made by this Committee must be unanimous. The Committee shall have full authority to grant benefits and administer the program in accordance with the provisions of this policy. When a manager returns to work, or when sick leave bank benefits have been exhausted, the appointing agency will notify the Committee, in writing, with the total number of hours used by said manager. Time off without loss of pay or benefits shall be granted to Committee members to attend meetings as necessary to administer this program.

The actions or non-actions of the Committee shall in no way be subject to collateral attack or subject to any appeal process. The Committee shall not be considered a State agency, nor shall it be considered a board or other subdivision of the Employer. All actions shall be taken at the discretion of the Committee, and no request shall be construed as a contested case.

This Management Personnel Policy supersedes Connecticut General Statutes, Section 5-247 and Regulations 5-247-5 and 5-247-6.

This Management Personnel Policy is approved in accordance with Connecticut General Statutes, Section 5-200 (p).

This item is effective upon approval.

Approved by: Date:

Alan J. Mazzola, Deputy Commissioner of Administrative Services

Michael W. Kozlowski, Secretary, Office of Policy and Management

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Need to contact us? Send e-mail to das.webmaster@po.state.ct.us

Last Updated: Tuesday, January 05, 1999

An Important Fact Sheet for State of Connecticut Managers Regarding the Managerial Sick Leave Bank Background and Participation



Pursuant to Management Personnel Policy 97-1, State of Connecticut managers (in accordance with Connecticut General Statutes, Sections 5-196 (cc) or 5-270 (g)) are eligible to participate in the Managerial Sick Leave Bank (MSLB). The MSLB consists of an accumulated number of sick leave hours that have been donated to the bank by participating managers. Any participating manager may apply for benefits under the MSLB in the event they suffer an illness or injury that exhausts their sick leave, personal leave, compensatory time, as well as any vacation they have accrued in excess of 60 days when workers' compensation benefits do not apply or have been exhausted.

Managers must have completed two or more years in state service to be eligible to participate in the MSLB. This includes employees with two or more years of state service who are promoted to a managerial class. After managers become eligible to join the MSLB, they have 90 calendar days to accept or decline participation. The original acceptance or declination form is available in your agency human resources office and is returned completed to your agency human resources office, which in turn forwards it to

the MSLB Committee at the Department of Administrative Services (DAS). A copy of the form is filed in the manager's personnel records. The MSLB Committee responds directly to your agency's human resources office with approval or denial.

If the MSLB Committee approves your application, you will be enrolled and an initial donation of the hourly equivalent of one day of sick leave will be deducted from your accumulated sick leave. If you decline, that decision cannot be changed at a later date.

Enrollment applications and any correspondence should be directed, by the agency human resources administrator only, to: Kristine Skoczylas, DAS Human Resources, 5th Floor, 165 Capitol Ave., Hartford, CT 06106. Agency human resources administrators can direct questions to the MSLB Committee members:

Peggy Zabawar (860-713-5246) MAC representative to the Committee or
Dr. Pamela Libby (860-713-5204) DAS representative to the Committee.

The Managerial Sick Leave Bank is a Limited Benefit

The Managerial Sick Leave Bank affords the eligible manager with a number of benefits although it has clear limitations. Know these limitations because if an emergency situation arises where you need to draw from the bank, you may have done well to have purchased salary replacement or other types of insurance and accrued a certain amount of personal savings beforehand to better care for yourself and your family.



Here is why:

- 1) You will need to be off the payroll for 15 days after exhaustion of sick, personal and compensatory time along with any annual vacation accrued beyond 60 days (that is, we don't require you to expend all of your vacation time which can be an important asset while you are on MSLB) because the 16th day after exhausting this time is when payments from the MSLB will begin. Therefore, at minimum, you should either have three weeks of salary saved in advance of this type of emergency OR salary replacement insurance that covers illness or injury-related loss of pay in order to weather this time for which you will not be receiving your regular salary;
- 2) The MSLB affords you pay at a rate of one-half day for each day of illness or injury and for no longer than 200 of these ½ days per fiscal year which will keep money coming in to your home but reduced by half;
- 3) You will not be accruing sick or vacation leave during this time and you must continue paying insurance and other premiums;
- 4) You will not be eligible for holiday or other paid leave benefits during this time;
- 5) You must not have been disciplined for sick leave abuse for the previous two years to qualify;
- 6) You must have an applicable medical certificate.

However, the MSLB is not about pay alone; even though you are not working and you cannot work and you have exhausted all but vacation leave, your position is retained for you for not less than 42 calendar days. If you remain on MSLB beyond this time, you are entitled to an equivalent position with equivalent pay if you return to work within 24 weeks of when you started using the MSLB pursuant to C.G.S. § 5-248a.

The MSLB is all about giving you some level of salary and job protection when you have exhausted almost all of the other benefits that the state affords you. It is possible to combine your MSLB and any available vacation leave you have left to elevate your salary beyond the one half day's pay. You may also elect to use any or all accrued vacation time before starting to use the MSLB, but vacation time cannot substitute for the 15-day pay gap.

If you are using the MSLB and begin to recover from your illness or injury, you may begin to return to work part-time up to an amount authorized by a medical certificate. When part time work begins, the maximum MSLB benefit will be two hours per day combined with six or fewer hours (as authorized) of paid work time. The two hours of MSLB that is combined with the part time work counts one-half against each day of the 200 days maximum of MSLB that can be used per fiscal year.

Because the MSLB is not a full salary replacement benefit, it cannot be overemphasized how important it is to preserve your own sick leave as it is accrued and to only use it when you are truly ill. Your accrued sick leave pays at 100% when you are out ill or injured and you accrue regular leave benefits when it is being used. The MSLB is meant for those circumstances "when all else fails" because you cannot work and you have nothing left protecting you and your job with the state that affords you any kind of pay. **Therefore, every manager should know the limitations of the Managers' Sick Leave Bank and plan accordingly!**

And as always, consult with your agency's human resources office when you have questions about the use of this benefit or any other state benefits.



CLEAN ENERGY

FINANCE AND INVESTMENT AUTHORITY

BOARD OF DIRECTORS

REGULAR MEETING SCHEDULE FOR 2014

The following is a list of dates and times for **regular meetings** of the Clean Energy Finance and Investment Authority's Board of Directors through 2014.

- January 17, 2014 – Regular Meeting from 9:00 to 11:00 a.m.
- April 25, 2014 – Regular Meeting from 9:00 to 11:00 a.m.
- June 20, 2014 – Regular Meeting from 9:00 to 11:00 a.m.
- July 18, 2014 – Regular Meeting from 9:00 to 11:00 a.m.
- October 17, 2014 – Regular Meeting from 9:00 to 11:00 a.m.
- December 19, 2014 – Regular Meeting from 9:00 to 11:00 a.m.

Should a **special meeting** need to be convened for the CEFIA Board of Directors to review staff proposals or to address other issues that arise, a meeting will be scheduled accordingly.

All regular and special meetings will take place at the:

Clean Energy Finance and Investment Authority
845 Brook Street, Building #2
Albert Pope Board Room
Rocky Hill, CT 06067



CLEAN ENERGY
FINANCE AND INVESTMENT AUTHORITY

AUDIT, COMPLIANCE AND GOVERNANCE COMMITTEE
REGULAR MEETING SCHEDULE FOR 2014

The following is a list of dates and times for regular meetings of the Clean Energy Finance and Investment Authority's Audit, Compliance and Governance Committee through 2014.

- Wednesday, April 15, 2014 – Regular Meeting from 1:00pm - 2:00pm
- Wednesday, October 15, 2014 – Regular Meeting from 1:00pm - 2:00pm

All regular meetings will take place at:

Clean Energy Finance and Investment Authority
845 Brook Street, Building #2
Albert Pope Board Room
Rocky Hill, CT 06067



CLEAN ENERGY

FINANCE AND INVESTMENT AUTHORITY

CEFIA BUDGET AND OPERATIONS COMMITTEE 2014 REGULAR MEETING **SCHEDULE**

The following is a list of dates and times for regular meetings of the Clean Energy Finance and Investment Authority's Budget and Operations Committee through **2014**.

- Friday, May 16, 2014 – Regular Meeting from 2:00 to 3:30 p.m.
- Monday, June 9, 2014 – Regular Meeting from 2:00 to 3:30 p.m.

All regular meetings will take place at:

Clean Energy Finance and Investment Authority
845 Brook Street, Building #2
Albert Pope Board Room
Rocky Hill, CT 06067



CLEAN ENERGY

FINANCE AND INVESTMENT AUTHORITY

REGULAR DEPLOYMENT COMMITTEE 2014 MEETING SCHEDULE

The following is a list of dates and times for regular meetings of the Clean Energy Finance and Investment Authority's Deployment Committee through **2014**.

- Wednesday, February 5, 2014 – Regular Meeting from 1:00pm – 2:00pm
- Friday, March 7, 2014 – Regular Meeting from 3:00pm – 4:00pm
- Thursday, May 15, 2014 – Regular Meeting from 2:00pm – 3:00pm
- Monday, September 8, 2014 – Regular Meeting from 2:00pm – 3:00pm
- Tuesday, November 18, 2014 – Regular Meeting from 2:00pm – 3:00pm

All regular meetings will take place at:

Clean Energy Finance and Investment Authority
845 Brook Street, Building #2
Albert Pope Board Room
Rocky Hill, CT 06067



Sofia’s Plazas: A C-PACE Project in East Windsor, CT

Address	2 North Road and 122 Prospect Hill Road, East Windsor, CT			
Owner	Sofia’s Plazas LLC			
Proposed Assessment	\$1,500,000 (across two parcels)			
Term (years)	20			
Term Remaining (months)	Pending construction completion			
Annual Interest Rate	5.5%			
Annual C-PACE Assessment	\$124,595			
Savings-to-Investment Ratio	1.23			
Average Debt-Service Coverage Ratio	██████████			
Loan-to-Value Ratio	██████████			
Proposed Energy Savings		EE	RE	Total
	Per year	-	589,000 kWh	589,000 kWh
Estimated Cost Savings	Over term of loan	-	11,780 MWh	11,780 MWh
	Per year	-	\$153,183	\$153,183
Estimated Cost Savings	Life Cycle	-	\$3,063,660	\$3,063,660
	Location	Town of East Windsor		
Type of Building	Retail - Strip Mall			
Year of Build	1981 - 1986			
Building Size (total sf)	90,000			
Year Acquired by Current Owner	1980			
As-Is Appraised Value	██████████			
Status of Mortgage Lender Consent	██			
Proposed Project Description	Two 250 kW photovoltaic systems (one rooftop and one ground mount)			
Est. Date of Construction Completion	Pending closing			
Current Status	Pending Board of Directors approval			
Energy Contractors	██			
Additional Comments				



Memo

To: Board of Directors

From: Bryan Garcia, President and CEO, Bert Hunter, EVP and CIO,
Jessica Bailey, Director Commercial and Industrial PACE, and Genevieve Sherman, Sr.
Manager Commercial and Industrial PACE

CC: Mackey Dykes, Chief of Staff, Brian Farnen, General Counsel and CLO

Date: November 8, 2013

Re: Request for approval to sell 8 C-PACE Transactions

INTRODUCTION

At the Board of Directors (the "Board") meeting held on February 15, 2013, the Board passed resolutions authorizing the establishment of a \$20 million construction and term loan facility in support of the C-PACE program to fund C-PACE transactions approved at the requisite authorization level by staff, the Deployment Committee or the Board (the "C-PACE Warehouse Facility" or "Warehouse"). At a meeting held on September 9, 2013, the Board further approved an increase in the C-PACE Warehouse Facility to \$40 million to accommodate the anticipated needs of the C-PACE program. The C-PACE program continues to meet the target that \$20 million of the C-PACE warehouse facility will be committed by the end of the calendar year. The increased \$40 million warehouse has allowed the C-PACE program to continue to accommodate transactions in the pipeline while enabling staff to continue the selection process and the negotiations for selling-down closed transactions in order to replenish the Warehouse.

SELL-DOWN PROCESS

The objectives set forth in the initial creation of the Warehouse were two-fold: (1) to provide initial financing for C-PACE projects and (2) to subsequently sell-down all or most of CEFA's funded positions in these transactions to the C-PACE program's Capital Providers. In keeping with these objectives, staff issued an Initial Offering Notice on 31 July to solicit bids from the program's Capital Providers through a "sealed bid" process.

11 out of 14 Capital Providers responded to the Initial Offering Notice and four Capital Providers provided an Indicative Bid: *Deutsche Bank, Hannon Armstrong, Clean Fund LLC, and Brookfield*

Investment Managers. The latter three Capital providers were selected as finalists and all three submitted final bids on October 11, 2013. Between the Indicative Bid and Final Bid date, CEFIA revised its proposed sale of 9 transactions totaling \$8.7 million to 8 transactions totaling \$6,813,625 (these reflect transactions that had “closed” at the time of the Final Bid date, meaning the property owner entered into a financing agreement with CEFIA and satisfied all transaction prerequisites).

SELECTION OF FINAL BIDDER

CEFIA has selected Clean Fund as the Winning Bidder contingent upon Board review and approval and provided official notice to Clean Fund on October 31, 2013 (see Exhibit A – Selection Notice and Bid Proposal).

Brookfield Investment Management bid for only a portion of the portfolio offering, while Hannon Armstrong (Hannon) and Clean Fund submitted bids which were more comprehensive, including arrangements to acquire all transactions being offered. The bids received demonstrated serious interest in partnering with CEFIA, and Hannon and Clean Fund were both forthright about their strategic interest in a longer term arrangement. This is understandable as the portfolio offered was but a portion of our C-PACE pipeline. Both the Hannon Armstrong and Clean Fund bids provided CEFIA with a range of pricing options dependent on a suite of potential CEFIA credit enhancements (which CEFIA encouraged all bidders to consider in order to provide CEFIA with a variety of options to consider and to yield the best price vs. (any) CEFIA “retained risk”). In the end, this range of pricing and purchase structures provided the C-PACE, Finance and Legal teams with confidence that the Clean Fund bid was a superior choice for this first purchase and sale of C-PACE transactions in that it yielded both the best price as well as a well-defined path to the private placement and (potentially) the public markets.

The structure of Clean Fund’s bid is the following:

Clean Fund is working with the financial conduit, the Public Finance Authority (PFA), a unique Wisconsin government entity established to issue bonds for public and private entities nationwide. PFA will issue a bond or bonds for the purchase of all 8 C-PACE transactions. At the present time, staff anticipates the bonds will be issued in three classes. Clean Fund will then purchase the most senior class of bonds (“A” class) representing 80% of the value of the C-PACE portfolio offered for sale. CEFIA will purchase bonds representing a subordinated (or “B” class) position, wherein CEFIA will receive interest only payments equal to the face rate of the CEFIA portion of the bond and principal amortization of the last principal payments of the CEFIA portion of the bonds. This subordinate bond will essentially provide Clean Fund a first loss protection for their senior bond; prepayments will reduce CEFIA’s principal. CEFIA has further structured the “B” bonds into a senior B and a junior B class in equal portions. The resulting bond issuance will enable CEFIA to subsequently sell-down the senior B class bonds, recovering 90% of CEFIA’s original commitment (between the Clean Fund purchase and the sell-down of the senior B bonds) – achieving a leverage ratio of 9:1 (private capital to CEFIA ratepayer dollars). Clean Fund will also have a right to purchase an additional \$20 million of Benefit Assessments that are funded out of the C-PACE Warehouse Facility (e.g. excluding Benefit Assessments financed directly by a 3rd party, financed directly by CEFIA with a prior first right of refusal granted to an existing mortgage lender or a 3rd party lender as condition to project approval, or financed directly by CEFIA under a pre-existing sector-based partnership).

The primary appealing features of Clean Fund’s proposal are the following:

- Clean Fund's proposal came the closest to matching the C-PACE program's pricing, garnering CEFIA a yield closest to its target.
- Clean Fund's proposal requires CEFIA to maintain a 20% ownership of C-PACE transactions, which is a credit enhancement C-PACE can accommodate through the Warehouse Facility, while (as structured by CEFIA) enabling CEFIA to reduce its retained risk to 10% of its original commitment.
- Clean Fund's proposal requires a right to purchase the next \$20 million in C-PACE transactions. This was a materially 'shorter runway' compared to Hannon's requirement, thus permitting CEFIA to have a trial run with Clean Fund into the first calendar quarter of 2014 while leaving the door open to other capital providers depending upon our success with Clean Fund.
- Clean Fund's proposal anticipates purchasing all C-PACE transactions that are approved under current C-PACE underwriting criteria; their proposal was judged to be more accommodating in this regard.
- Finally, Clean Fund's proposal is oriented toward a future securitization of C-PACE transactions, potentially with other PACE transactions nationally, and the development of a secondary market for PACE transactions. CEFIA has heard many times over from its Capital Providers that transaction volume and proof of liquidity of C-PACE assets are both critical milestones toward lowering the risk perception of C-PACE assets and sourcing cheaper capital for PACE programs in the future. The C-PACE team saw this purchase structure as providing the right precedent and path forward for the C-PACE program as well as PACE programs developing in Connecticut and nationally.

Clean Fund is expected to make a good faith deposit of \$500,000 by November 11, 2013 which will be held in escrow pending deal closure. Clean Fund and CEFIA's Legal representatives are current drafting the purchase and sale agreement and ancillary documents that will govern this transaction. Pending approval from the Board of Directors, CEFIA will negotiate and execute this agreement with a view to close the first week of December, 2013.

SALE OF C-PACE TRANSACTIONS REQUEST

On the basis of this analysis, staff recommends the Clean Fund proposal, as it represents not only excellent value with a limited discount from "par", but also replenishes the C-PACE Warehouse and provides a provisional strategic partnership with Clean Fund for a measured portion of the C-PACE pipeline. Furthermore, while CEFIA will have some risk in the retained portion, staff sees these risks as well contained given the security of the C-PACE structure. Moreover, by selling-down 50% of CEFIA's retained risk, CEFIA ultimately achieves a 9:1 leverage ratio on ratepayer funds. Accordingly, staff requests that the Board approve the sale of these first 8 C-PACE transactions and the next \$20 million of eligible C-PACE benefit assessments to Clean Fund through PFA under the aforementioned purchase structure.

Strategic Plan

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

C-PACE is a statutorily mandated program and a key component of the CEFIA comprehensive plan and budget for FY 2014. This sale will support the ability of the C-PACE program to source capital for current and future C-PACE transactions and is consequently consistent with CEFIA's

Comprehensive Plan. Statutorily, CEFIA is permitted to use its resources "...for expenditures that promote investment in clean energy in accordance with [CEFIA's Comprehensive Plan]..."

Ratepayer Payback

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

The underlying clean energy produced (i.e. kWh over the projects lifetime) from the portfolio versus the dollars of ratepayer funds at risk is enhanced as the transactions in the portfolio were originally approved by the Board or the Deployment Committee and CEFIA funds are being, in large measure, returned to CEFIA for redeployment to other C-PACE transactions.

Terms and Conditions

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

The loans to the building owners using the C-PACE Warehouse Facility are presently 1.75% over the Prime Rate, or 5%, during construction, and between 4.5% and 5.5% for term financing depending upon maturity. Building owners will continue to pay these rates on their C-PACE assessments irrespective of this sale. Ratepayer funds will be paid back through the sale of these transactions to Clean Fund and used to originate subsequent C-PACE transactions.

Capital Expended

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

Not applicable – ratepayer dollars are being returned to CEFIA via this transaction.

Risk

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

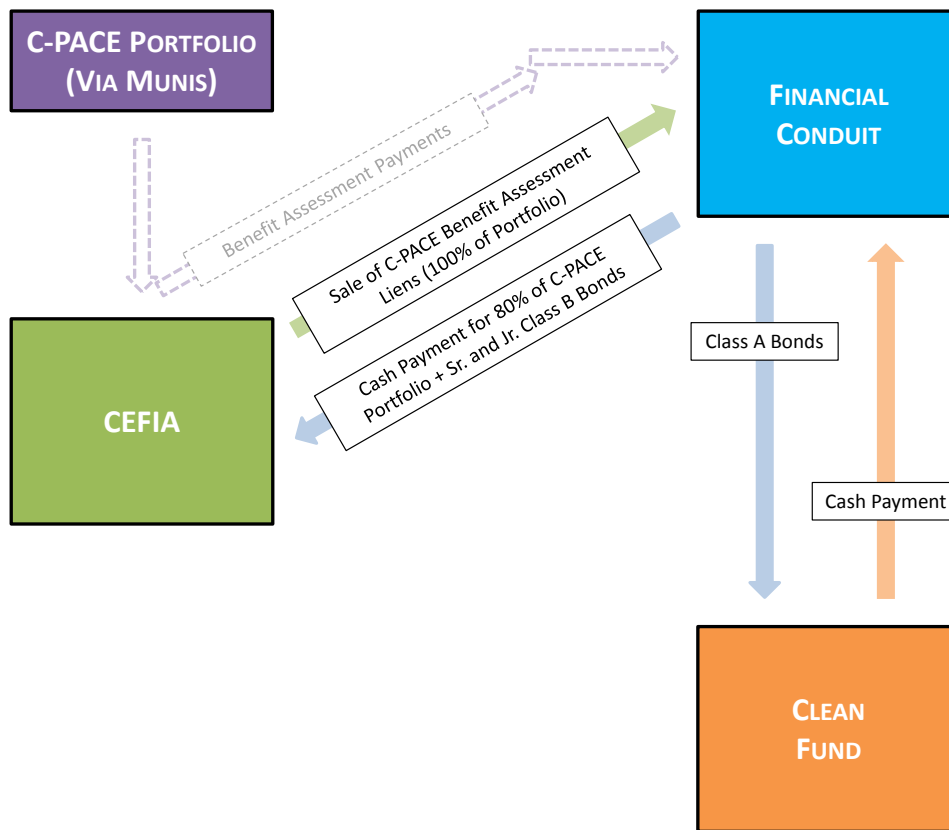
Potentially up to approximately \$1.4 million of ratepayer funds are at risk for the program (representing a reduction in risk of \$5.4 million as a result of the sell-down..

Financial Statements

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

As funds are received from Clean Fund, there would be an increase in the CEFIA Cash and Cash Equivalents Account (Current Asset on the Balance Sheet) and a corresponding decrease in "Promissory Notes – C-PACE Construction/Term Loan Program (Non-Current Asset on the Balance Sheet).

Capital Flow Diagram



Target Market

Who are the end-users of the program or project (i.e. rich, poor, middle class, etc.)?

The end-users of the program are commercial and industrial property owners under the C-PACE program.

RESOLUTION

WHEREAS, Pursuant to Section 157 of Public Act No. 12-2 of the June 12, 2012 Special Session of the Connecticut General Assembly (the "Act"), CEFIA is directed to, amongst other things, to establish a commercial sustainable energy program for Connecticut, known as Commercial Property Assessed Clean Energy ("C-PACE") and CEFIA established the C-PACE program;

WHEREAS, the Board of Directors previously passed resolutions authorizing the establishment of a \$40 million construction and term loan facility in support of the C-PACE program to fund C-PACE transactions approved at the requisite authorization level by staff, the Deployment Committee or the Board of Directors (the "C-PACE Warehouse Facility");

WHEREAS, CEFIA established the C-PACE Warehouse Facility and has closed over \$15 million in C-PACE projects;

WHEREAS, CEFIA staff requests the Board of Directors approve the sale of the first 8 closed C-PACE transactions and the next \$20 million of C-PACE benefit assessments to Clean Fund through a financial conduit;

WHEREAS, the Board of Directors directed staff to sell-down such funded C-PACE transactions to private capital providers in order to continually replenish funding capacity for the C-PACE program on an ongoing basis;

WHEREAS, staff's request is consistent with CEFIA's comprehensive plan and budget for FY 2014 with respect to anticipated budget investments for the C-PACE program and other program requirements;

NOW, therefore be it:

RESOLVED, that CEFIA's Board of Directors authorizes the sale of the first 8 closed C-PACE transactions and the next \$20 million of C-PACE benefit assessments to Clean Fund;

RESOLVED, that the President of CEFIA and any other duly authorized officer of CEFIA, is authorized to execute and deliver any contract in furtherance of the sell-down transaction consistent with the Memorandum to the Board of Directors dated November 8, 2013; and

RESOLVED, that the proper CEFIA 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 instrument.

Submitted by: Bryan Garcia, President and CEO, Bert Hunter, EVP and CIO, Jessica Bailey, Director Commercial and Industrial PACE and Genevieve Sherman, Sr. Manager Commercial and Industrial PACE



CLEAN ENERGY
FINANCE AND INVESTMENT AUTHORITY

Memo

To: Board of Directors of the Clean Energy Finance and Investment Authority

From: Bryan Garcia (President and CEO), David Goldberg (Director of Government and External Relations), Ben Healey (Senior Manager of Clean Energy Finance), Dale Hedman (Director of Statutory and Infrastructure Programs), and Bert Hunter (EVP and CIO)

Cc: George Bellas (VP of Finance and Administration, Connecticut Innovations), Mackey Dykes (Chief of Staff), and Brian Farnen (General Counsel and Chief of Staff)

Date: November 8, 2013

Re: Class I REC Asset Portfolio from the Residential Solar Investment Program

Overview

Connecticut has an aggressive renewable portfolio standard policy (see Table 1). The deployment of solar photovoltaic (PV) systems and production of clean energy from such systems are eligible to supply RECs to help competitive electric suppliers and standard offer providers in CL&P and UI service territory satisfy their RPS compliance requirements. In general, every 1.0% of the Connecticut RPS represents about 275,000 RECs. In 2014, for example, approximately 3,025,000 RECs are estimated to be needed in order to satisfy the Class I RPS requirement. To put this number into perspective, the average 7 kW solar PV system in Connecticut generates about 8 RECs per year – or 0.0003% of the 2014 Class I RPS requirement. Put another way, over 375,000 households would have to install solar PV on their roofs in Connecticut to satisfy the amount of RECs required to meet the 2014 Class I RPS.

Table 1. Connecticut's Renewable Portfolio Standard

RPS Class	2014	2015	2016	2017	2018	2019	2020
Class I ¹	11.0%	12.5%	14.0%	15.5%	17.0%	19.5%	20.0%
Class II ²	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Class III ³	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Total	18.0%	19.5%	21.0%	22.5%	24.0%	26.5%	27.0%

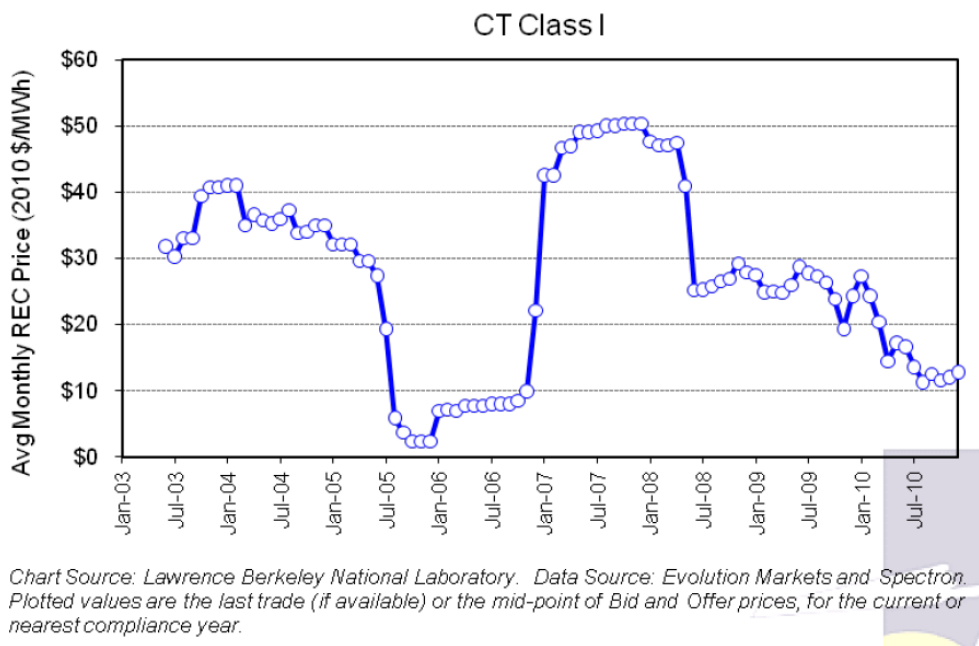
¹ Class I resources include electricity derived from solar power, wind power, fuel cells (using renewable or non-renewable fuels), geothermal, landfill methane gas, anaerobic digestion or other biogas derived from biological sources, ocean thermal power, wave or tidal power, low-emission advanced renewable energy conversion technologies, certain run-of-the-river hydropower facilities not exceeding 30 megawatts (MW) in capacity, and biomass facilities that use sustainable biomass fuel and meet certain emissions requirements. Electricity produced by end-user distributed generation (DG) systems using Class I resources also qualifies.

² Class II resources include trash-to-energy facilities, certain biomass facilities not included in Class I, and certain older run-of-the-river hydropower facilities.

³ Class III resources include: (1) customer-sited CHP systems, with a minimum operating efficiency of 50%, installed at commercial or industrial facilities in Connecticut on or after January 1, 2006; (2) electricity savings from conservation and load management programs that started on or after January 1, 2006, provided that on or after January 1, 2014, no such programs supported by ratepayers shall be eligible; and (3) systems that recover waste heat or pressure from commercial and industrial processes installed on or after April 1, 2007. The revenue from these credits must be divided between the customer and the state Conservation and Load Management Fund, depending on when the Class III systems are installed, whether the owner is residential or nonresidential, and whether the resources received state support.

If a competitive supplier or standard offer provider fails to satisfy the Class I RPS requirement, then they must pay an alternative compliance payment (ACP) of \$55 per REC for the amount of RECs that the supplier or provider is short. Currently, in Connecticut, Class I RECs are traded on the spot market in 2013 for greater than \$54. Historically, Class I REC prices have been volatile (see Figure 1).

Figure 1. Mid-Point of Bid and Offer Prices for Class I RECs in Connecticut from January of 2003 through July of 2010



Per Section 106 of Public Act 11-80, CEFIA is responsible for administering a Residential Solar Investment Program (RSIP) to deploy no less than 30 megawatts (MW) of new solar photovoltaic systems in Connecticut by the end of 2022. As the CEFIA Board of Directors is aware, the RSIP has achieved extraordinary success to date by deploying nearly 14 MW in 20 months since the start of the program in March of 2012. For homeowners that participate in the RSIP, the renewable energy credits (RECs)⁴ that are generated from the systems installed are owned contractually by CEFIA. Every solar photovoltaic system installed through the RSIP has real-time monitoring systems and revenue quality meters that measure the kilowatt-hours of clean energy produced from the system and thus account for the RECs being produced.

Given CEFIA’s ownership of Class I RECs through the RSIP, it is building a sizable asset that can be realized through spot market (i.e. a particular point in time) or future contract (i.e. a specified period of time) transactions whereby CEFIA’s RECs are sold to an interested buyer.

PURA Docket No. 13-02-03

In order to transact RECs in Connecticut, the regulator of the RPS market – the Public Utility Regulatory Authority (PURA) – must determine that a project (or projects) qualifies as a Class I eligible renewable energy technology. In anticipation of selling its Class I RECs from solar PV as a result of the RSIP, CEFIA registered a 30 MW solar PV facility with the New England Power Pool

⁴ 1,000 kilowatt-hours equals 1 megawatt-hour or 1 REC

Generation Information System (NEPOOL GIS) and was assigned a NEPOOL GIS Identification Number NON36589.

Subsequent to receiving its registration from the NEPOOL GIS, CEFIA submitted an application to PURA on February 5, 2013 – a little less than a year after the launch of the RSIP on March 1, 2012. CEFIA requested that PURA determine that the generating facilities being supported through the RSIP would qualify as a portfolio of projects as opposed to applying to PURA for each and every project. PURA determined that CEFIA’s request was consistent with the Class I RPS and that effective January 1, 2013 all RECs created as a result of the RSIP are deemed eligible to be aggregated as a generating behind-the-meter facility and assigned Registration No. CT 00534-13.

Class I REC Asset Portfolio Valuation

Through the RSIP, CEFIA is building a sizable REC asset – see Tables 2 and 3.

Table 2. Net Present Value of Class I RECs from an Average 7 kW Residential Solar PV Installation⁵

Length of Contract	\$25 REC Price	\$35 REC Price	\$45 REC Price
1-year	\$195	\$274	\$352
3-year	\$572	\$801	\$1,029
5-year	\$930	\$1,302	\$1,674
10-year	\$1,752	\$2,453	\$3,153

Table 3. Net Present Value of Class I RECs from 1 MW of Residential Solar PV Installations

Length of Contract	\$25 REC Price	\$35 REC Price	\$45 REC Price
1-year	\$27,912	\$39,076	\$50,241
3-year	\$81,700	\$114,380	\$147,060
5-year	\$132,883	\$186,037	\$239,190
10-year	\$250,261	\$350,365	\$450,470

Based on the average installed cost of \$31,700 for a 7 kW residential solar PV system, and the current level of RSIP incentive provided to these projects by CEFIA of \$8,800, a 10-year contract for RECs at \$35 a REC would generate approximately \$2,450 – or return nearly 30% of the RSIP back to CEFIA.

Depending upon the amount of Class I RECs available to sell, the price a buyer is willing to pay, and the length of time a buyer is willing to contract at (i.e., a one-time transaction for a single year is a spot market transaction, while a commitment to purchase over several years is a forward or future contract), CEFIA can realize additional cash flow into the organization that can be used for various purposes (i.e. administrative and program costs, financing programs, incentives, etc.). To date, CEFIA has reached 14 MW of residential solar PV capacity in Connecticut that will generate Class I RECs over the 25-year life of the projects (see Table 4).

⁵ Estimates are based on the following assumptions – 13% capacity factor, 0.5% degradation rate, a 2.0% discount rate, and an average system size of 7 kW based on the current program performance of the RSIP.

Table 4. Cumulative Amount of Class I RECs Produced Over Time from 14 MW of Residential Solar PV

Cumulative Class RECs Generated Over Time	Amount of Class I RECs
1-year	16,943
3-years	47,591
5-years	78,923
10-years	155,892

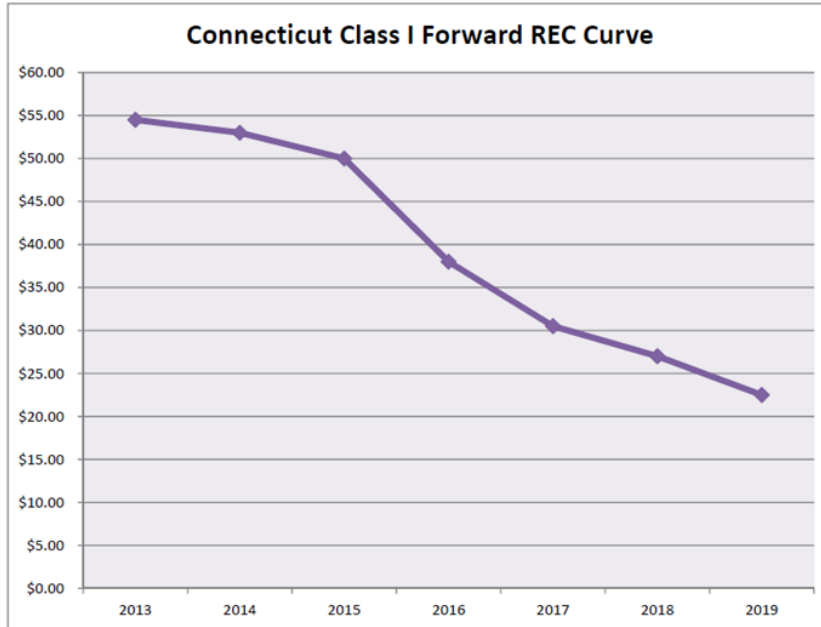
As a result of the successful implementation of the RSIP, CEFIA is producing Class I RECs that have the potential to generate additional revenues into the organization and continue to advance the mission of Connecticut’s “green bank”.

Request for Qualifications from REC Brokers

Over the summer, staff put out an RFQ to identify REC brokers who could potentially serve as CEFIA’s agent in helping us market and sell RECs generated by our RSIP portfolio. The heart of the RFQ was a request for each respondent to discuss the CT Class I REC market and demonstrate his or her understanding of how current and future market dynamics might affect CEFIA’s ability to most effectively monetize our REC portfolio. In particular, CEFIA sought to solicit each respondent’s insight into issues of forward versus spot pricing, contract length (1 year, 3-5 years, 5 years+), and the different options CEFIA could pursue in terms of marketing and selling its future stream of RECs via an auction process. The RFQ also requested indicative pricing from each respondent for a representative transaction or suite of services.

Through the RFQ, CEFIA identified five brokers whom we qualified as potential brokerage partners and whom we could call upon to market specific transactions: BGC Partners, Evolution Markets, GP Renewables, Marex Spectron, and Skystream. Representative pricing among the respondents ranged from 0.75% to 2.00% of proceeds, depending on deal size, and included various proposals for ancillary services. Since pricing responses to the RFQ were only representative and not fixed to specific deal terms, our intention in going to market will now be to ask each qualified broker to price a specific transaction that CEFIA would like to sell. Additionally, at that time, CEFIA will request a firm take-down fee associated with that transaction, so that we can partner with the broker who offers the most attractive combination of pricing, contract length, and transaction fees.

Based on responses to the RFQ and subsequent communications with the various REC brokers, we currently anticipate and modeled the forward price curve as set forth in the graphic below. The strategic decision for CEFIA will be to determine how much of a potential reduction in price CEFIA is willing to take in future years to lock in a longer term REC off-take contract.



Accordingly, staff requests approval by CEFIA’s Board of Directors to engage in contracts to monetize the RECs that have and are reasonably anticipated to accumulate by virtue of the program pursuant to guidelines and procedures that staff shall establish for such purposes.

Resolution

WHEREAS, Section 106 of Public Act 11-80 “An Act Concerning the Establishment of the Department of Energy and Environmental Protection and Planning for Connecticut’s Energy Future” (the “Act”) requires the Clean Energy Finance and Investment Authority (“CEFIA”) to design and implement a Residential Solar Photovoltaic (“PV”) Investment Program (“Program”) that results in a minimum of thirty (30) megawatts of new residential PV installation in Connecticut before December 31, 2022, and CEFIA has designed and implemented the Program;

WHEREAS, Pursuant to Conn. Gen Stat. 16-245a, a renewable portfolio standard (RPS) was established that requires that Connecticut Electric Suppliers and Electric Distribution Company Wholesale Suppliers (“Buyers”) obtain a minimum percentage of their retail load by using renewable energy.

WHEREAS, CEFIA has been assigned by New England Power Pool Generation Information System (“NEPOOL GIS”) an Identification Number NON36589 for the residential solar PV projects it supports through the Program, and subsequently the Public Utility Regulatory Authority (“PURA”) assigned a Registration No. CT 00534-13 to the behind-the-meter facilities supported by the Program;

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 renewable energy credits (“RECs”) which, in accordance with Program guidelines, become the property of CEFIA to hold, manage and sell in CEFIA’s sole discretion;

WHEREAS, CEFIA staff seek to sell quantities of the Class I RECs produced as a result of the Program to Buyers who are seeking to comply with the Connecticut Class I RPS;

WHEREAS, CEFIA staff issued a Request for Qualifications on August 26, 2013 for brokers that are registered with the NEPOOL GIS to assist it in selling CEFIA's RECs (RFQ);

WHEREAS, CEFIA staff selected five brokers from the RFQ to sell RECs in Connecticut and act as CEFIA's preferred brokerage partners ("Preferred REC Brokers") and whom CEFIA could call upon to market specific REC transactions.

NOW, therefore be it:

RESOLVED, that the President of CEFIA and any other duly authorized officer of CEFIA, pursuant to guidelines and procedures that staff shall establish for such purposes in advance, is authorized to execute and deliver any contract with a Preferred REC Broker for the immediate and/or long-term sale of quantities of CEFIA's RECs from the Program, which shall include any applicable brokerage fees, as he or she shall deem to be in the interests of CEFIA and the ratepayers; and

RESOLVED, that the proper CEFIA 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 instrument.