



CLEAN ENERGY
FINANCE AND INVESTMENT AUTHORITY

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December 4, 2013

Dear Budget and Operations Committee Members:

The Budget and Operations Committee will convene a special meeting on Wednesday, December 11 from 2:00 to 3:30 p.m. in the Colonel Albert Pope Board Room at the offices of CEFIA at 845 Brook Street, Rocky Hill, CT 06067. Given the issue raised by the Board of Directors regarding CEFIA's Class I REC assets, we will have part of the meeting be with the Deployment Committee.

Our special meeting agenda items include:

- **Class I REC Asset Portfolio** – the Deployment Committee and the Budget and Operations Committee were to work with the staff to determine a strategy for managing the organization's class I REC asset portfolio. Given the extraordinary success CEFIA is having with the Residential Solar Investment Program (RSIP), it is producing a large Class I renewable energy credit (REC) asset portfolio for CEFIA's balance sheet. The RECs that CEFIA is generating are an asset that can be sold to generate additional revenues into CEFIA.
- **Budget Increase Request** – as we reach the midway point of the fiscal year, staff will bring budget adjustment requests to reflect new program design in the residential sector and success in the CPACE program requiring program expansion.

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

We look forward to the meeting next week.

Sincerely,

A handwritten signature in black ink, appearing to read 'Mackey Dykes', with a long horizontal flourish extending to the right.

Mackey Dykes
Chief of Staff



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AGENDA

Budget and Operations Committee of the
Clean Energy Finance and Investment Authority
845 Brook Street, Rocky Hill, CT 06067

Wednesday, December 11, 2013
2:00-3:30 p.m.

Staff Invited: George Bellas, Mackey Dykes, Bryan Garcia, Kerry O'Neill, and Genevieve Sherman

1. Call to order
2. Public Comments – 5 minutes
3. Approval of meeting minutes* – 5 minutes
 - a. Deployment Committee for October 29, 2013
 - b. Budget and Operations Committee for November 6, 2013
4. Class I REC Asset Portfolio* – 30 minutes

<<< Break-Out from the Deployment Committee and move to the Bernard Baker Conference Room >>>

5. Budget Update and Recommendations* – 60 minutes
6. Adjourn

*Denotes item requiring Committee action

** Denotes item requiring Committee action and recommendation to the Board for approval

Join the meeting online at: <https://www4.gotomeeting.com/join/448322111>

Dial: 1+ (773) 897-3015

Access Code: 448-322-111

***Next Regular Meeting: Friday, May 16, 2014
Clean Energy Finance and Investment Authority in the
Colonel Albert Pope Board Room at 845 Brook Street, Rocky Hill, CT***



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RESOLUTIONS

Budget and Operations Committee of the
Clean Energy Finance and Investment Authority
845 Brook Street, Rocky Hill, CT 06067

Wednesday, December 11, 2013
2:00-3:30 p.m.

Staff Invited: George Bellas, Mackey Dykes, Bryan Garcia, Kerry O'Neill, and Genevieve Sherman

1. Call to order
2. Public Comments – 5 minutes
3. Approval of meeting minutes* – 5 minutes
 - a. Deployment Committee for October 29, 2013

Resolution #1 (Deployment Committee)

Motion to approve the minutes of the Deployment Committee for October 29, 2013 Meeting. Second. Discussion. Vote.

- b. Budget and Operations Committee for November 6, 2013

Resolution #2 (Budget and Operations Committee)

Motion to approve the minutes of the Budget and Operations Committee for November 6, 2013 Meeting. Second. Discussion. Vote.

4. Class I REC Asset Portfolio* – 30 minutes

Resolution #3 (Deployment Committee)

WHEREAS, Article V, section 5.3.3 of the Clean Energy Finance and Investment Authority (CEFIA) Bylaws requires the Deployment Committee (the “Committee”) to provide oversight of policies and practices relating to the evaluation and recommendation of initial investments, follow-on investments, investment modifications and restructurings, and the sale or other disposition of investments by the Authority’s professional investment staff, including implementation of investment exit strategies;

NOW, therefore be it:

RESOLVED, that the Committee hereby recommends to the Board for approval the draft Guidelines and Procedures for CEFIA Management of Class I REC Asset Portfolio in substantially the form provided to the Committee in the memorandum dated December 4, 2013 and which may be revised by CEFIA staff from time to time to incorporate the recommendations of independent third party consultants with REC market expertise.

Resolution #4 (Budget and Operations Committee)

WHEREAS, Article V, section 5.3.2 of the Clean Energy Finance and Investment Authority (CEFIA) Bylaws requires the Budget and Operations Committee (the “Committee”) to recommend and monitor compliance with prudent fiscal policies, procedures, and practices to assure that CEFIA has the financial resources and financial strategy necessary to carry out its statutory responsibilities and mission;

NOW, therefore be it:

RESOLVED, that the Committee hereby recommends to the Board for approval the draft Guidelines and Procedures for CEFIA Management of Class I REC Asset Portfolio in substantially the form provided to the Committee in the memorandum dated December 4, 2013 and which may be revised by CEFIA staff from time to time to incorporate the recommendations of independent third party consultants with REC market expertise.

<<< Break-Out from the Deployment Committee and move to the Bernard Baker Conference Room >>>

5. Budget Update and Recommendations* – 60 minutes

Resolution #5

RESOLVED, the Clean Energy Finance and Investment Authority’s (CEFIA) Budget and Operations Committee (the Committee) recommends that the CEFIA Board of Directors approve the requested \$1,332,700 increase in the fiscal year 2014 budget outlined in Tables, 2, 3 and 4 of the memorandum presented to the Committee dated December 4, 2013 (the Memorandum); and

RESOLVED, the Committee recommends that the CEFIA Board of Directors approve the updated staffing plan detailed in Attachment 2 of the Memorandum.

6. Adjourn

*Denotes item requiring Committee action

** Denotes item requiring Committee action and recommendation to the Board for approval

Join the meeting online at: <https://www4.gotomeeting.com/join/448322111>

Dial: 1+ (773) 897-3015

Access Code: 448-322-111

Next Regular Meeting: Friday, May 16, 2014

***Clean Energy Finance and Investment Authority in the
Colonel Albert Pope Board Room at 845 Brook Street, Rocky Hill, CT***



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**Budget and Operations Committee of
the Clean Energy Finance and
Investment Authority
(Transition Deployment Committee)**

Agenda Item #5

Budget Update and Recommendations

December 11, 2013

FY2013 Budget Amendments

Overview



	Approved Budget	Revised Budget	Budget Increase (Decrease)
C-PACE	\$ 2,074.40	\$ 3,326.60	\$ 1,252.20
Residential Programs	\$ 2,566.30	\$ 2,656.30	\$ 90.00
General Operations	\$ 2,803.40	\$ 2,893.90	\$ 90.50
Total	\$ 7,444.10	\$ 8,876.80	\$ 1,432.70

- Increase in budget to account for program design and rapid C-PACE growth
- Staffing reallocation of previously approved position

FY2013 Budget Amendments

C-PACE



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▶ Overview

- ▶ Requesting a \$1.252 million budget increase to build upon the early success of the program
- ▶ Increases the existing budget from \$2.074 million to \$3.327 million
- ▶ \$90,000 of estimated fee revenue from closing fees

FY2013 Budget Amendments

C-PACE



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	Approved Budget	Revised Budget	Budget Increase (Decrease)
Salaries & Wages	\$ 666.9	\$ 716.9	\$ 50.0
Employee Benefits	\$ 496.1	\$ 533.3	\$ 37.2
Consulting fees	\$ 175.0	\$ 175.0	--
Technical administrator	\$ -	\$ 800.0	\$ 800.0
Municipal support	\$ -	\$ 80.0	\$ 80.0
Loan servicing fees	\$ -	\$ 100.0	\$ 100.0
Marketing/External relations	\$ 400.0	\$ 600.0	\$ 200.0
IT operations	\$ 30.0	\$ 15.0	\$ (15.0)
Unchanged Budget Items (full list in Attachment 1)	\$ 306.4	\$ 306.4	
Operating Expenses	\$ 2,074.4	\$ 3,326.6	\$ 1,252.2
Operating Income	\$ -	\$ (90.0)	\$ (90.0)
NET OPERATING EXPENSES	\$ 2,074.4	\$ 3,236.6	\$ 1,162.2

FY2013 Budget Amendments

C-PACE



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▶ Salaries and Wages

- ▶ Request \$87,200 (including benefits) for new Project Assistant.
- ▶ CEFIA expends a large portion of staff time managing projects. Another project assistant is necessary to ensure we do not become a bottleneck in processing applications.

FY2013 Budget Amendments

C-PACE



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- ▶ Technical Administrator
 - ▶ Request a new budget line of \$800,000
 - ▶ Moving a significant portion away from marketing and consultant lines
 - ▶ Covers transactions for the rest of the fiscal year (50)
 - ▶ Technical review (TR) critical to meet statutory SIR>1 requirement and to receive mortgage lender consent.
 - ▶ TR costs have come down between %15 - % 40



- ▶ Municipal Support
 - ▶ Request a budget line of \$80,000
 - ▶ Municipalities serve as the collection agent for the C-PACE assessments. With 66 municipalities on board and approved transactions in 13 municipalities, we need to automate the collection process
 - ▶ Will cover software upgrades and maintenance fees to towns using main tax collection software in CT

FY2013 Budget Amendments

C-PACE



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- ▶ Loan Servicing
 - ▶ Request new budget line of \$100,000
 - ▶ CEFIA has serviced the loans in-house to date; with 14 deals closed we need to automate the process
 - ▶ CEFIA issued an RFP for a Master Servicer and in November selected Cortland Capital Markets Services, LLC as the C-PACE master servicer.
 - ▶ CEFIA is still searching for an Underwriter



- ▶ Marketing & External Relations
 - ▶ Request budget increase from \$400,000 to \$600,000
 - ▶ Hands-on support to building owners is necessary to close deals, particularly in key sectors such as non-profits.
 - ▶ Working with Match Drive on marketing and outreach campaign materials as well as improvements to our website to drive traffic to C-PACE.com and capture the interest these campaigns create.



- ▶ Consulting Fees
 - ▶ Remain at \$175,000
 - ▶ Remaining amount will cover consultants to provide advice on specific technologies that are new to the C-PACE program, such as waste-to-energy, microgrids, and small hydro and sector-specific research such as a multifamily pilot with CHFA

FY2013 Budget Amendments

C-PACE



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- ▶ IT Operations
 - ▶ Reduce from \$30k from \$15k

- ▶ Operating Income
 - ▶ \$90,000 of estimated fee revenue from closing fees

FY2013 Budget Amendments

Residential Programs



	Approved Budget	Revised Budget	Budget Increase (Decrease)
Consulting fees	\$ 171.3	\$ 261.3	\$ 90.0

- Public Act 13-298 directs CEFIA, working with CEEF and the utilities, to develop a residential clean energy on-bill repayment (OBR) program
- Increase will cover consulting help in program design and implementation
 - Wisconsin Energy Conversation Corporation
 - A master servicer to manage the payment process between the utilities and lenders

FY2013 Budget Amendments

General Operations



	Approved Budget	Revised Budget	Budget Increase (Decrease)
Accounting & Audit	\$ 45.0	\$ 135.5	\$ 90.5

- CEFIA created several special purpose vehicles (SPVs) as part of the CT Solar Lease and CT Solar Loan financial structures
- CEFIA is requested an additional \$90,500 to cover audits of these SPVs as well as tax preparation services.
- Reassign open position to asset manager or loan portfolio manager



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Budget and Operations Committee of the Clean Energy Finance and Investment Authority

Agenda Item #6

Adjourn

December 11, 2013

DEPLOYMENT COMMITTEE OF THE CLEAN ENERGY FINANCE AND INVESTMENT AUTHORITY

**Draft Minutes – Regular Meeting
Tuesday, October 29, 2013**

A regular meeting of the Deployment Committee of the Board of Directors of the **Clean Energy Finance and Investment Authority (“CEFIA”)** was held on October 29, 2013, at the office of CEFIA, 845 Brook Street, Rocky Hill, CT.

1. Call to Order: Mr. Hundt, noting the presence of a quorum, called the Deployment Committee meeting to order at 2:07 p.m. Deployment Committee members participating: Bettina Ferguson representing Denise Nappier, State Treasurer (by phone); Reed Hundt (by phone); and Matthew Ranelli (by phone).

Absent: Patricia Wrice (by phone).

Staff Attending: Brian Farnen, Bryan Garcia, Bert Hunter, Alexandra Lieberman, Shelly Mondo, and Genevieve Sherman.

2. Public Comments:

There were no public comments.

3. Approval of Meeting Minutes:

The Deployment Committee members were asked to consider the minutes from the September 3, 2013 meeting.

Upon a motion made by Mr. Ranelli, seconded by Mr. Hundt, the Deployment Committee members voted in favor of adopting the minutes from the September 3, 2013 meeting as presented (Ms. Ferguson abstained from the vote).

4. Commercial and Industrial Programs (C-PACE Transactions):

a. Update on C-PACE Program:

Ms. Sherman provided an update on the C-PACE program noting that 66 towns have signed on, including New Haven, which represents almost 75 percent of the Connecticut market eligible. She mentioned that a contractor training session was recently held with about 80 contractors. Ms. Sherman mentioned that several new capital providers were added, including Bank of America. She stated that progress has been made on closing transactions. Ms. Sherman indicated that two of the projects that were approved by the

Board are no longer proceeding under the program due primarily to the projects not being able to secure a contract under the Zero Emission Renewable Energy Credit (ZREC) Program. Approximately \$9,000,000 of projects will be presented at the November and December Board meetings.

Mr. Hunter reported on the sell down of benefit assessment liens previously approved by the Board or the Deployment Committee and subject to a commitment from CEFIA under a financing agreement. He mentioned that staff is pleased with the responses to the offering notice issued by CEFIA in July, and further discussions were held with three of the bidders. A formal announcement of the winner has not yet been made. More information will be provided at the Board meeting to be held on November 15. In response to a question, Mr. Hunter stated that the difference between the face amount of the benefit assessment liens and the price staff believes will be achieved is less than 5% or less than \$350,000 on \$7,000,000 of transactions. In addition, Mr Hunter noted that the structure of the sell down would result in CEFIA retaining approximately 20 percent of the face amount of the benefit assessment liens in a subordinated position. He explained how that amount is anticipated to be reduced in order for approximately \$1 of CEFIA investment to support \$9 of private capital.

Noting that other states are very interested in CEFIA's program, Mr. Hundt asked staff at a future meeting to talk about the merits of the C-PACE program and the sell down efforts. He asked staff to consider ways the program can be expanded and standardized. Mr. Hunter noted that one of the benefits of the bid selected is that the structure being pursued could enable a path to the private placement markets very quickly with the ultimate objective being a public market offering of bonds backed by the benefit assessment liens. Mr. Hundt questioned whether statutory language being drafted for a national green bank should include any aspects of the C-PACE program. Mr. Garcia noted that staff would review the draft legislation and make comments in this regard.

b. 384-388 Hopmeadow Street, Simsbury, CT

Ms. Sherman discussed the request for C-PACE construction and potential term loan financing to fund the energy efficiency project at Mitchell's Automotive located at 384-388 Hopmeadow Street, Simsbury, CT. She explained that there are three properties on the parcel and two will have solar. Ms. Sherman reviewed the loan to value ratio, the total savings and key financial metrics. She discussed the terms of the loan. In response to a question, Ms. Sherman stated that the term of the loan is standard for the a solar PV project financed by the program. She indicated that the deadline for the existing interest rate structure is for projects submitted before November 1 with rates being increased slightly after that date. Mr Hunter commented that one of the benefits of the sell down was "price discovery," meaning obtaining from the capital markets a sense of how CEFIA's transactions are priced. He suggested that initial indications are that CEFIA's pricing that will come into effect November 1 will be close to market expectations, suggesting further that any discount offered in the sell down process in the period immediately ahead should be reasonably contained.

Staff was asked by the end of the year to report on an appropriate interest rate for 2014 and an appropriate reference point or parameter to measure the interest rate (i.e. Treasury rates).

Upon a motion made by Ms. Ferguson, seconded by Mr. Ranelli, the Deployment Committee members voted unanimously in favor of adopting the following resolution regarding a C-PACE construction and potential term loan for 384-388 Hopmeadow Street, Simsbury, CT:

WHEREAS, Section 157 of Pubic Act 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"); and

WHEREAS, the CEFIA Board of Directors has approved a \$40,000,000 C-PACE construction and term loan program; and

WHEREAS, CEFIA seeks to provide a \$478,000 construction and (potentially) term loan under the C-PACE program to Mitchell Auto Group, Inc., the property owner of 384-388 Hopmeadow Street, Simsbury, CT, (the "Loan") to finance the installation and upgrades of a 120kW solar PV system 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 and ten percent of the Loan amount with the terms and conditions consistent with the memorandum submitted to the Deployment Committee dated October 29, 2013 and as he or she shall deem to be in the interests of CEFIA and the ratepayers no later than 90 days from October 29, 2013.

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.

5. Adjournment: Upon a motion made by Mr. Ranelli, seconded by, Ms. Ferguson the Deployment Committee members voted unanimously in favor of adjourning the meeting at 2:31 p.m.

Respectfully submitted,

Reed Hundt, Chairperson of the
Deployment Committee

**BUDGET AND OPERATIONS COMMITTEE OF THE
CLEAN ENERGY FINANCE AND INVESTMENT AUTHORITY
Draft Minutes – Special Meeting
Wednesday, November 6, 2013**

A special meeting of the Budget and Operations Committee (“Budget Committee”) of the Board of Directors of the **Clean Energy Finance and Investment Authority (the “CEFIA”)** was held on November 6, 2013, at the office of the Clean Energy Finance and Investment Authority, 845 Brook Street, Rocky Hill, CT 06067.

1. **Call to Order:** The meeting was called to order at 9:22 a.m. Budget Committee members participating: Mun Choi (by phone), Daniel Esty, and Norma Glover (by phone).

Staff Attending: Mackey Dykes, Bryan Garcia, Suzanne Kaswan, Brian Farnen and Shelly Mondo.

2. **Public Comments:** There were no public comments.

3. **Approval of Meeting Minutes:**

The Budget Committee members were asked to consider the minutes from the July 15, 2013 meeting.

Upon a motion made by Mr. Choi, seconded by Ms. Glover, the Budget Committee members voted unanimously in favor of adopting the minutes from the July 15, 2013 meeting as presented.

4. **Sick Leave Bank:**

Mr. Dykes discussed the background of the Sick Leave Bank that was established at Connecticut Innovations (“CI”) in 2009 and adopted by the CEFIA Board in December 2011 as part of the Employee Handbook. He noted that the policy was similar to but more restrictive than the Sick Leave Bank policy for classified managers in State Service.

Ms. Kaswan discussed the number of employees who have participated and donated hours to the Sick Leave Bank since 2009, noting that none of the donated hours have been used. She stated that since the Sick Leave Bank is now being operated jointly for the benefit of CI and CEFIA, approximately 400 hours have been donated. Ms. Kaswan explained that when the policy was created, it was more restrictive because there were fewer employees participating. With both organizations participating, there is a more substantial pool and CEFIA can be less restrictive. Ms. Kaswan discussed the cost analysis associated with the Sick leave Bank. She noted that time for the donated

hours has already been allocated, and no additional funding is required. Ms. Kaswan mentioned that other state and quasi-public agencies in addition to private companies have similar Sick Leave Bank policies.

Ms. Kaswan reviewed the proposed modifications to the amendments presented to the Board on October 18, 2013. A discussion ensued on the concern raised at the Board meeting about not being eligible if an employee has been disciplined for sick leave abuse. Ms. Kaswan explained that a modification has been made to allow a team consisting of senior staff and human resources staff to waive this requirement depending upon the circumstances of an employee.

In response to a question, Ms. Kaswan indicated that the same policy will be presented to CI and its appropriate subcommittee.

Upon a motion made by Mr. Esty, seconded by Ms. Glover the Budget and Operations Committee voted unanimously in favor of adopting the following resolution regarding CEFIA's Sick Leave Bank policy:

RESOLVED, that the Budget and Operations Committee recommends that the CEFIA Board of Directors approves 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.

Ms. Glover expressed concern with the manner in which this issue was presented to the Board. She requested that in the future the Board and Committee be advised about issues in a timely manner and well in advance of meetings. Since Ms. Glover may not be able to attend the next Board meeting, Mr. Esty indicated that he would communicate Ms. Glover's message to the Board.

5. Adjournment: Upon a motion made by Ms. Glover, seconded by Mr. Choi, the Budget Committee members voted unanimously in favor of adjourning the November 6, 2013 meeting at 9:45 a.m.

Respectfully submitted,

Daniel Esty, Chairperson of Budget
Committee



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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%

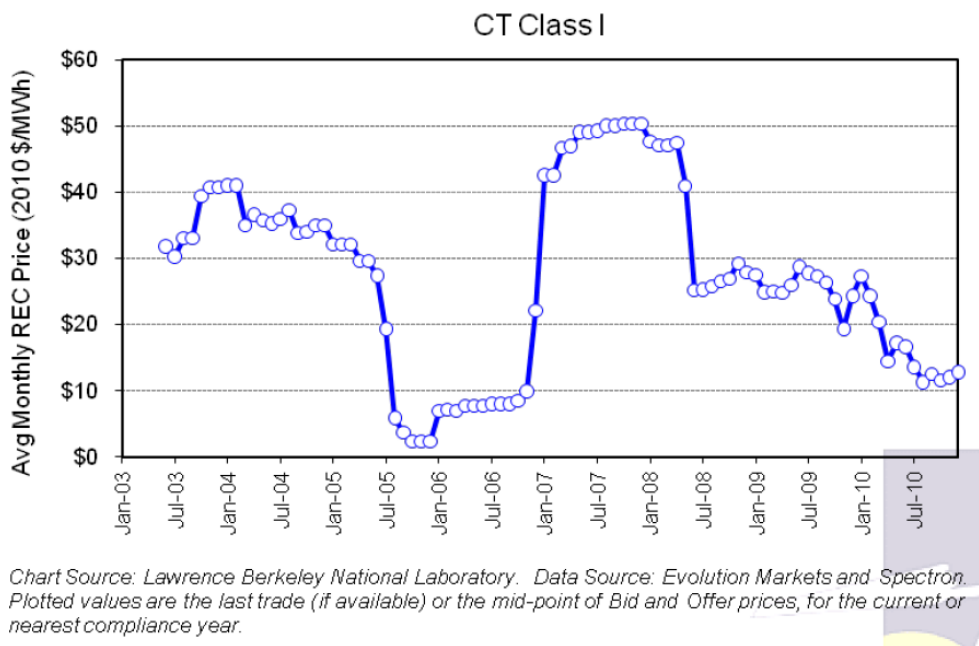
¹ Class I resources include electricity derived from solar power, wind power, fuel cells (using renewable or non-renewable fuels), geothermal, landfill methane gas, anaerobic digestion or other biogas derived from biological sources, ocean thermal power, wave or tidal power, low-emission advanced renewable 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

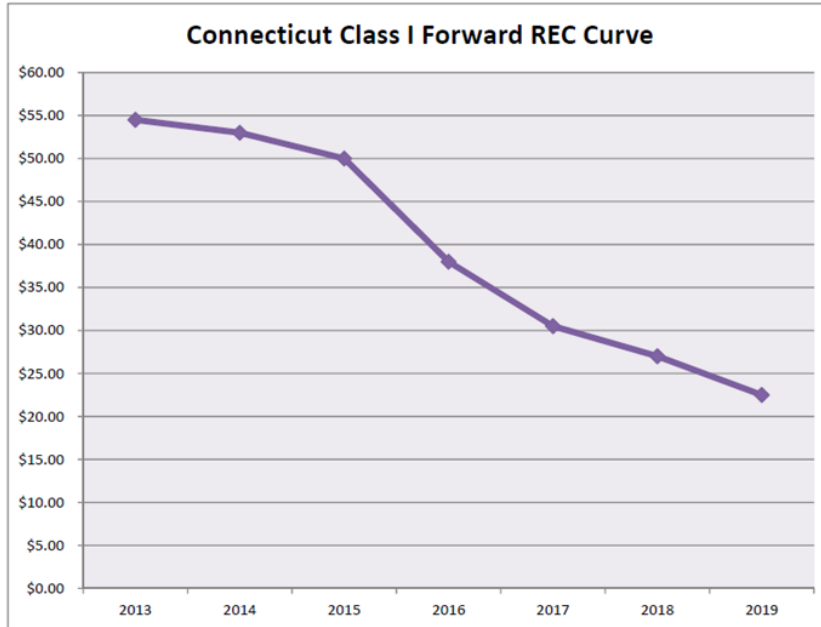
As a result of the successful implementation of the RSIP, CEFIA is producing Class I RECs that have the potential to generate additional revenues into the organization and continue to advance the mission of Connecticut’s “green bank”.

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.



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Memo

To: CEFIA Deployment Committee; CEFIA Budget and Operations Committee

From: Bryan Garcia, President and CEO

Cc: Brian Farnen, General Counsel and CLO; Ben Healey, Senior Manager; Dale Hedman, Director of Statutory and Infrastructure Programs

Date: December 4, 2013

Subject: Draft Guidelines and Procedures for CEFIA Management of Class I REC Asset Portfolio

Connecticut's aggressive Renewable Portfolio Standard ("RPS") requires a certain percentage of the state's electric load to come from renewable energy sources each year. That figure is 11% from "Class I" sources in 2014, rising steadily to 20% in 2020. RPS fulfillment is measured in Renewable Energy Credits ("RECs") – 1 REC per clean MWh generated – and the 11% of load required for 2014 represents approximately 3,025,000 Class I RECs in the coming year. A general "rule of thumb" is that each 1% of compliance towards the RPS requires about 275,000 RECs.

CEFIA owns the RECs from solar PV systems under the Residential Solar Investment Program, and the average RSIP system produces about 8 RECs per year. As CEFIA has now approved over 2,000 systems, we will have over 16,000 RECs to sell in the coming year alone.

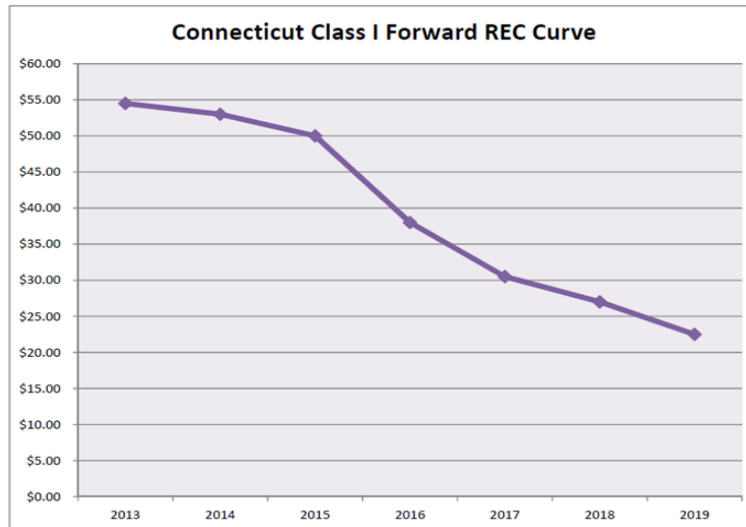
The maximum price that RECs will sell for is \$55, due to the Alternative Compliance Payment ("ACP") cap. However, the market is currently short RECs, given Connecticut's strong RPS, with the forward curve also fairly robust (see Figure 1 below). Assuming CEFIA were to sell the 16,000 RECs it expects to generate in 2014 through a future contract based on the forward curve for 2014 through 2019, then approximately \$3.5 million would be generated in 6 years at an average REC price of about \$37 per REC.

Over the summer of 2013, CEFIA ran a Request for Qualifications ("RFQ") process to select a limited pool of qualified brokers for the purpose of marketing and selling CEFIA's RECs via open-market auctions. We have now five qualified brokers whom CEFIA can use to sound the market and then price a transaction for us, when we are ready: BGC Partners, Evolution Markets, GP Renewables & Trading, Marex Spectron, and Skystream Markets.

As CEFIA's Class I REC portfolio will continue to grow over time, it is an asset that will require ongoing monitoring and management by CEFIA staff. Therefore, we propose the attached guidelines and procedures to govern staff's management of this portfolio (see Exhibit I). Staff

would welcome feedback from the members of the Deployment and Budget & Operations Committees before finalizing these procedures.

Figure 1. Recently Quoted Price Curve for 2013-2019 Vintage Connecticut Class I Renewable Energy Credits



2013 Class I RECs

As a result of projects funded by CEFIA in 2013 and the Connecticut Clean Energy Fund (CCEF) prior, the following is a breakdown of Class I RECs produced as of November 30, 2013 – see Table 1.

Table 1. Class I RECs Produced in 2013 through November 30, 2013 from CEFIA and CCEF Funded Projects

	RSIP¹	OSDG – Solar PV	OSDG – Fuel Cell	Total
Projects Installed as of November 30, 2013	1,201	45	-	1,246
Installed Capacity (kW)	8,413	7,779	-	16,192
Class I RECs Produced in 2013²	5,617	7,862	-	13,479
RECs Sold in 2013 by Long-Term Contracts	0	0	0	0

Of the Class I RECs produced in 2013 from CEFIA and CCEF funded projects, 10,000 are committed for sale through existing long-term contracts entered into by the CCEF at a price of \$15, leaving the remainder of the Class I RECs available for sale in 2013. Note, this does not include the Class I RECs being generated through the rest of the calendar year.

¹ As of November 29, 2013, there are 2,194 residential solar PV projects approved by CEFIA for incentives through the RSIP. Of these approved projects, 1,201 are completed, 391 are in progress, and 602 are approved and moving towards implementation.

² Class I RECs produced include estimates for October and November.

RESOLUTIONS

BUDGET AND OPERATIONS COMMITTEE

WHEREAS, Article V, section 5.3.2 of the Clean Energy Finance and Investment Authority (CEFIA) Bylaws requires the Budget and Operations Committee (the “Committee”) to recommend and monitor compliance with prudent fiscal policies, procedures, and practices to assure that CEFIA has the financial resources and financial strategy necessary to carry out its statutory responsibilities and mission;

NOW, therefore be it:

RESOLVED, that the Committee hereby recommends to the Board for approval the draft Guidelines and Procedures for CEFIA Management of Class I REC Asset Portfolio in substantially the form provided to the Committee in the memorandum dated December 4, 2013 and which may be revised by CEFIA staff from time to time to incorporate the recommendations of independent third party consultants with REC market expertise.

DEPLOYMENT COMMITTEE

WHEREAS, Article V, section 5.3.3 of the Clean Energy Finance and Investment Authority (CEFIA) Bylaws requires the Deployment Committee (the “Committee”) to provide oversight of policies and practices relating to the evaluation and recommendation of initial investments, follow-on investments, investment modifications and restructurings, and the sale or other disposition of investments by the Authority’s professional investment staff, including implementation of investment exit strategies;

NOW, therefore be it:

RESOLVED, that the Committee hereby recommends to the Board for approval the draft Guidelines and Procedures for CEFIA Management of Class I REC Asset Portfolio in substantially the form provided to the Committee in the memorandum dated December 4, 2013 and which may be revised by CEFIA staff from time to time to incorporate the recommendations of independent third party consultants with REC market expertise.

EXHIBIT I

Draft Guidelines and Procedures for CEFIA Management of Class I REC Asset Portfolio

Objective: maximize the value of CEFIA's Class I REC asset portfolio to generate revenues that can support the mission of the organization, while taking appropriate measures to hedge portfolio risk over both the short and long terms

Step 1

On an ongoing basis, but not less than once annually, CEFIA staff will evaluate the status of its Class I REC asset portfolio, including the identification of specified key elements of value and risk:

- Current installed capacity (in megawatts (MW)) under the Residential Solar Investment Program or its successor programs. This evaluation will include:
 - o A "look-back" to determine the trajectory of capacity growth, as well as an analysis of any specific drivers that may have led that trajectory to deviate from historical averages
 - o Projections of future capacity build-out
 - A confidence interval will be applied to these projections to enable CEFIA to evaluate the risk of actual installed capacity growth being higher or lower than projected
- REC production, historically by quarter (actual metered generation and registered on NEPOOL-GIS). This evaluation will include:
 - o An analysis demonstrating the relationship between installed capacity and REC production, with a specific focus on the lag between new residential solar PV capacity and the production of REC assets
 - o Projections of estimated future REC production
 - A confidence interval will be applied to these projections to enable CEFIA to evaluate the risk of actual future REC production being higher or lower than projected

Step 2

On an ongoing basis, but not less than semiannually, CEFIA staff will evaluate the status of the REC markets through conversations with qualified REC brokers, including the identification of specified key elements of value and risk:

- REC prices in both the spot and future markets. This evaluation will include:
 - o A "look-back" to determine REC prices over the previous six months and current market trends
 - o An analysis of forward pricing curves from at least two brokers going out no fewer than 3-5 years
 - Furthermore, a qualitative analysis will be undertaken describing any existing or projected price volatility to help guide CEFIA staff decisions about market risk
- Contract Length
 - o Using the forward pricing curves obtained, CEFIA staff will create a matrix to help determine the amount of value (in NPV terms, applying the rate of inflation as the

discount rate) potentially sacrificed per REC, in exchange for locking in firm pricing for each vintage year

Step 3

After evaluating the status of CEFIA's existing and projected portfolio at any point in time, CEFIA staff will work with qualified broker selected through CEFIA's Request for Qualifications process to price a variety of potential REC transactions:

- In the spot market, the following conditions must be met for CEFIA staff to transact RECs:
 - o The RECs must be officially registered on NEPOOL-GIS
 - o In general, the RECs should be offered on the market through a qualified broker. (However, on an exception basis, staff can enter directly into a bilateral agreement with a REC purchaser if price discovery has occurred, meaning that CEFIA has either:
 - Already priced the RECs on the market via quotes offered by at least two qualified brokers; or
 - Received market reports from at least two qualified brokers that provide certainty around current spot market prices
 - o The REC sale price must be no less than 10% below the average weighted sale price, as quoted by at least two qualified brokers, of spot market transactions over the previous quarter, unless that sale price has declined by at least 10% from the beginning to the end of that quarter
 - o The purchaser must be either an investment-grade counterparty or have successfully closed at least one REC purchase transaction of similar size per year over the previous three years

- In the forward market, the following conditions must be met for CEFIA staff to transact RECs:
 - o Based on staff estimates of future REC production in Step 2 above, as bracketed by a 95% confidence interval, no more than 75% of that 95% lower bracket may be transacted through a "non-contingent" forward contract, in which CEFIA agrees to supply a fixed number of RECs on a given date(s) in the future
 - o Up to 100% of all future RECs may be transacted through a "unit contingent" forward contract, in which the purchaser agrees to take however many RECs CEFIA chooses to supply on a given date(s) in the future
 - o All RECs to be offered on the forward market must be priced through a qualified broker (although CEFIA staff can choose to enter directly into a bilateral agreement with a REC purchaser if price discovery has occurred)
 - o The REC sale price for each vintage year must be no less than 10% below the average forward curve price quoted by at least two qualified brokers for that vintage year, for both non-contingent and unit-contingent RECs, respectively
 - o The purchaser must be either an investment-grade counterparty or have successfully closed at least one REC purchase transaction of similar size per year over the previous three years

In all cases, CEFIA staff will seek to limit transaction costs while simultaneously taking advantage of expert advice to ensure the organization:

- Locks in attractive pricing where possible;
- Limits downside exposure;

- Retains the opportunity for upside gains; and
- Provides some level of revenue certainty for planning purposes, in terms of reinvestment of REC proceeds.



Memo

To: Budget and Operations Committee, CEFIA

From: Mackey Dykes, Chief of Staff; Jessica Bailey, Director of Commercial and Industrial Programs; Kerry O’Neill, Director of Residential Programs

CC: Bryan Garcia, President and CEO; George Bellas, Vice President of Finance and Administration; Bert Hunter, Executive Vice President and Chief Investment Officer

Date: December 4, 2013

Re: FY2013 Budget Amendments

SUMMARY

As we near the mid-point of fiscal year 2013, staff is requesting an increase of \$1.333 million in the budgets for residential programs and C-PACE as well as general administration. The tables in this memo outline the requested changes and Attachment 1 contains the full operating budgets for each program.

Table 1. Budget Increase (figures in thousands)

	Approved Budget	Revised Budget	Budget Increase (Decrease)
C-PACE	\$ 2,074.40	\$ 3,226.60	\$ 1,152.20
Residential Programs	\$ 2,566.30	\$ 2,656.30	\$ 90.00
General Operations	\$ 2,803.40	\$ 2,893.90	\$ 90.50
Total	\$ 7,444.10	\$ 8,776.80	\$ 1,332.70

C-PACE

Development of the C-PACE program began in September 2012. The program launched in January 2013 and closed its first transaction in April 2013. With a larger pipeline and deal flow than initially budgeted for as well as almost a year of experience administering the program, the C-PACE team is requesting a \$1.152 million budget increase to build upon the early success of the program (table 2). This would increase the existing budget from \$2.074 million to \$3.227 million. \$90,000 of estimated fee revenue from closing fees CEFIA began charging for all applications after November 1 is expected to offset this budget increase.

Table 2. C-PACE Budget Request

	Approved Budget		Revised Budget		Budget Increase (Decrease)
Salaries & Wages	\$	666.9	\$	716.9	\$ 50.0
Employee Benefits	\$	496.1	\$	533.3	\$ 37.2
Consulting fees	\$	175.0	\$	75.0	\$ (100.0)
Technical administrator	\$	-	\$	800.0	\$ 800.0
Municipal support	\$	-	\$	80.0	\$ 80.0
Loan servicing fees	\$	-	\$	100.0	\$ 100.0
Marketing/External relations	\$	400.0	\$	600.0	\$ 200.0
IT operations	\$	30.0	\$	15.0	\$ (15.0)
Unchanged Budget Items (full list in Attachment 1)	\$	306.4	\$	306.4	
Operating Expenses	\$	2,074.4	\$	3,226.6	\$ 1,152.2
Operating Income	\$	-	\$	(90.0)	\$ (90.0)
NET OPERATING EXPENSES	\$	1,768.0	\$	2,830.2	\$ 1,062.2

SALARIES & WAGES AND EMPLOYEE BENEFITS

As the administrator for all C-PACE projects, CEFIA expends a large portion of staff time managing projects, from their inception to closing. This requires a significant amount of administrative work as well as managing relationships with prospective borrowers. As our pipeline expands, C-PACE requires another project assistant to manage this work flow to ensure we do not become a bottleneck in processing applications. We request a new project assistant for C-PACE, at an estimated cost of \$87,200 (including benefits). An updated staffing plan is included as Attachment 2.

CONSULTING FEES

Consulting has been reduced to \$75,000. The majority of consulting expenditures has been moved to new line items for Technical Consultant and Marketing to better account for and categorize their function. The remaining amount will cover consultants to provide advice on specific technologies that are new to the C-PACE program, such as waste-to-energy, microgrids, and small hydro.

TECHNICAL ADMINISTRATOR

CEFIA staff request a new budget line for our **Technical Administrator** of \$800,000. To date, these expenses have been paid out of marketing and consultant lines. This will support our continued partnership with our technical administrator, Buonicore/Sustainable Real Estate Solutions. It will cover transactions for the rest of the fiscal year, anticipated to be around 50, inclusive of commissioning while allowing room in case additional transactions or a greater percentage of full assessment projects occur.

The enabling legislation for C-PACE named CEFIA as the statewide program administrator and put upon us the task of verifying that the Savings to Investment Ratio (SIR) of proposed projects is greater than 1. In other words, that the cost savings from the energy project over time is greater than the upfront investment. Rather than build out a staff of engineers, CEFIA engaged third-party technical administrator to review each project submitted for C-PACE financing and ensure the SIR requirement is met.

Technical review has been an important component for building owners to receive mortgage lender consent. Mortgage lenders are interested in the savings generated from these projects and, generally, seem to appreciate the robust technical review process. The improved cash-flow to the building, which is modeled in the technical review, has a direct impact on the capitalization rate of the building. Mortgage lenders who see their asset increase in value as a result of a C-PACE transaction are more likely to grant consent. Moreover, our comprehensive technical review was specifically cited by our capital providers as enhancing their confidence in the financings done by CEFIA from its funding warehouse; this facilitated the successful bidding recently undertaken for the initial \$6.8 million portfolio of transactions.

Additionally, because C-PACE financing is underwritten by *lifecycle energy savings* (the “S” in SIR covers all savings that occur during the term of the financing), project developers can do deeper energy retrofit projects than they otherwise would have done anticipating a ‘simple payback’ approach to energy savings. For example, if a project developer wanted to do solar on a building, a simple payback of seven years may not justify the investment. However when energy savings for 20 years are calculated, the owner now has additional ‘savings’ through which to offset the cost of additional improvements – for example new efficient windows. ***The data platform developed by the C-PACE technical administrator to house project data allows property owners to run multiple different projects scenarios and view the outcomes in terms of SIR, thus giving them the flexibility to design a project with the maximum value that still meets the statutory requirements for C-PACE approval.*** This is a positive development for C-PACE in that we are seeing more comprehensive projects that also require larger dollar amounts in financing.

The outcomes described above, while positive, incur substantial costs because the process requires significant back-and-forth between project applicants (typically contractors) the C-PACE technical review team and CEFIA staff. The cost of technical review for the first projects submitted was high. As contractors have become more familiar with the requirements for C-PACE approval, the costs come down significantly – this is a result of 4 training programs C-PACE has run with its technical administrator, as well as their hands-on support on a project by project basis. Total technical costs for the first five “full assessment” projects (meaning projects with more than one energy conservation measure) were just under \$19,000 and technical costs for the first 5 fast track assessment projects averaged \$11,235. These costs have come down to roughly \$16,000 or 15% for full assessment projects and \$6,600 or 40% for fast track projects. Using a new fee structure, the C-PACE technical administrator will now receive a base fee of \$5,000 for Fast Track projects and \$10,000 for Full Assessment projects. They will also receive a portion of newly instated closing fees, which CEFIA is now charging at closing on all projects (see below). The majority of the technical administrator’s costs will be covered through

closing fees and CEFIA will be charged a fee by the technical administrator if projects do not close after technical review – thus incentivizing both CEFIA and the technical administrator to screen projects early on that have low success of closing and to work efficiently on projects that have a high success of closing. We are continuing to also work with the technical administrator to reduce costs for technical review through increased automation for technology-specific applications (e.g. solar).

Finally, now that C-PACE projects are under construction, we are revisiting commissioning – (e.g. CEFIA’s potential role in inspecting the properties to make sure everything was installed and is operating correctly) as well as measurement and verification (M&V). Commissioning is a critical part of project construction and completion, without which the risk of non-performance of energy-savings increases significantly. We have decided that in the first year of the C-PACE program, particularly where rate-payer capital is at risk through construction, CEFIA must have a direct role in commissioning. We anticipate including this as part of the technical review process through our existing PSA with Buonicore Partners; the cost of which will be paid out of closing fees. M&V (the tracking of energy savings over time) is a requirement of the C-PACE program and an important exercise that involves tracking energy savings performance as a result of several independent variables. Since M&V can be costly, particularly over a 20-year period, it is the property owner’s prerogative how extensive M&V will be. Because we are still trying to understand the true energy saving impacts of C-PACE, the team would like to track this data for projects in the first year as a way of understanding energy savings performance trends across building type, technology and geography. For the time being, we anticipate this will be a program-related cost that is not passed on through project financing.

MUNICIPAL SUPPORT

The C-PACE program depends upon partnerships with municipalities, which serve as the collection agent for the C-PACE assessments. With 66 municipalities on board and approved transactions in 13 municipalities, we need to automate the collection process.

Quality Data Services (QDS) manages the tax collection software for 75% of Connecticut municipalities. Many of our C-PACE towns have requested that QDS upgrade their software to allow them to administer, track, and collect C-PACE assessments in the same way they do other municipal assessments. CEFIA is eager for this partnership, as it will help with our servicing of these loans.

We request a new budget line for Municipal Support of \$80,000. This will enable us to support 45 towns to perform the software upgrade and streamline the collection process for towns.

LOAN SERVICING FEES

In the first several months of administering the C-PACE program, CEFIA has serviced the loans in-house. This has given us important information on what needs to happen from the moment the loan closes until the payments begin showing up on the tax bills. However, as the volume has grown, CEFIA will not be able to continue in this role as servicer without either building out our internal team or engaging in an outside loan servicer. In August, CEFIA issued an RFP for a Master Servicer and in November selected Cortland Capital Markets Services, LLC as the C-PACE master servicer. Cortland is a leading independent

investment servicing company providing fund administration, commercial bank loan servicing, securitization services, and middle-office support to financial institutions. Cortland is also a full service fund administrator serving hedge funds, real estate funds, credit funds, and private equity funds across the globe. Cortland clients include many of the largest asset managers in the world. Cortland's loan servicing duties are generally to:

- Receive and process disbursement requests for loan advances from C-PACE borrowers
- Track interest accrued on loans during construction
- Calculate final financing amount for revised lien filing if necessary
- Monitor, administer, and reconcile payments from towns
- Administer secondary collection efforts (including calculation and collection of late fees)
- Monitor payments
- Maintain a comprehensive reporting system
- Provide CEFIA with notice of delinquency, shortfall, default, or prepayment.

We request a new budget line for Loan Servicing and Underwriting of \$100,000. This will cover our contract with Cortland for 12 months while leaving room for CEFIA to still put out an RFQ for a loan *underwriter*. Currently all financial underwriting for C-PACE transactions is done internally by the CEFIA finance team. An increase in C-PACE applications will be unsustainable for this team, which has other obligations to CEFIA staff across all programs within the organization.

MARKETING AND EXTERNAL RELATIONS

Hands-on support to owners and contractors is necessary to close deals, particularly in key sectors such as multi-family and non-profits. The C-PACE team has experimented with consultants who have been tasked with supporting building owners to develop projects and move through the C-PACE application process. The largest constraining factor to the growth of the C-PACE program is lack of human capacity to chase down every lead and to follow up with every interested owner. Having consultants to support project development is important for the growth of this program. While still in the early days, we are seeing some value from this model. In the first 3 months, two consultants have developed over 50 leads and been responsible for submitting 10 applications. Two of these are now actively in technical review. Additional time is needed to see whether having an 'owner's agent' that is pushing and supporting property owners to submit applications for C-PACE financing is cost-effective. After the end of this fiscal year, the C-PACE team will evaluate the cost-effectiveness of this approach and determine how to support consultants in this area through financing, as opposed to C-PACE program costs.

In addition to this on the ground marketing, sophisticated marketing campaigns for C-PACE are important to drive demand. Despite early success of the C-PACE program, we are only scratching the top of the surface of building ownership in Connecticut. There are currently 66 out of 169 towns participating in the C-PACE program, representing 75% of the total likely market for C-PACE (this number reflects the percentage of buildings over 10k square feet – smaller buildings are unlikely to apply for C-PACE financing). Viable applications in the C-PACE pipeline represent only 1% of this eligible market. In order to make sure that our application volume doesn't drop once the early adopters have closed financing, we need to be doing more targeted marketing to key sectors. With our marketing partner, Match Drive, we have developed a campaign that we believe will help continue the early momentum we have seen in the building sector. The campaign, entitled 'Pacesetters', will target our key audience, building owners

and managers. They are the decision makers that ultimately drive investment decisions in commercial buildings. The 'Pacesetters' campaign will target this audience by telling the story of property owners/managers that have *already* financed projects using C-PACE, thus featuring decision makers that were bold and insightful in recognizing C-PACE as a smart investment strategy for upgrading their buildings and lowering operating costs. Through featuring the success of their peers and emphasizing the core reasons C-PACE is a smart investment opportunity, this strategy will inspire more property owners and managers to act through instilling the following messages:

- C-PACE is a tried and tested financing opportunity – they are not incurring the risk of being a 'first mover'
- Owners need to take advantage of C-PACE in order to remain competitive in the market
- Using C-PACE is a smart decision that will earn owners accolades
- Beyond being a 'Pacesetter', C-PACE allows owners to lower their operating costs while improving the value and competitiveness of their buildings.

These messages will further target property owners and managers through focusing on specific real estate market sectors (commercial office, manufacturing, non-profit, etc.) and featuring Pacesetters within these sectors. The Pacesetters campaign will capture these stories in a variety of media (interview, video, still photography) and deploy them on the radio, strategic websites, C-PACE.com, C-PACE marketing material and live events. This will drive traffic to C-PACE.com, creating more leads that can be converted into C-PACE applications.

C-PACE.com has received over 60,000 clicks since its launch. While the website is an important source of information for multiple stakeholders, it is currently not equipped to leverage the traffic that a media campaign will create through converting leads into viable projects (for example, the website should help introduce property owners to the right energy services company that can help them develop an energy upgrade at their facility). Furthermore, CEFIA does not currently have direct control over posting content to C-PACE.com, limiting our ability to update stakeholders with the most current program-related information, announcements, etc. It is necessary to overhaul major portions of C-PACE.com in order to maximize on all the lead-generation Matchdrive and our 'owner's agents' are developing.

We request an increase from \$400 to \$600k in **Marketing**. This will support work by our marketing consultants to support building owners. Additionally, it will support their work in key sectors such as YMCAs and Boys and Girls Clubs. This increase will also support work by Match Drive for marketing and outreach campaign materials as well as improvements to our website to capture the interest these campaigns create.

IT OPERATIONS

We are requesting to reduce IT operations to \$15,000. Most of these IT costs will be paid from our requested town support budget.

OPERATING INCOME

The C-PACE and finance teams have been working closely to determine how to incorporate some of the costs of administering the program into the loans themselves to be paid by the Borrower over time. For all applications completed after November 1, 2013, CEFIA will be charging closing fees ranging from 1.2% to 3% for the borrower. This will go part of the way toward covering CEFIA’s program related costs. Based on an anticipated 50 projects for the remainder of the fiscal year, CEFIA could recover \$90,000 through closing fees. This cost recovery must be balanced with an increase in rates and fees which may quickly dampen interest in building owners.

The analysis used in this memo to estimate CEFIA’s potential revenue from next C-PACE 50 transactions represents an estimated \$22 million in total financing. This increased budget request would represent a 1:20 ratio of program budget costs to total financing leveraged not including fee revenue. We feel the C-PACE program can go much further toward lowering costs, particularly in our technical review. However we feel that at the current time, robust technical review and enhanced marketing are critical toward growing this program and penetrating a much larger share of the eligible market in Connecticut.

RESIDENTIAL PROGRAMS

Section 58 of Public Act 13-298 directs CEFIA, working with the Energy Conservation Management Board and utilities, to develop a residential clean energy on-bill repayment (OBR) program financed by third-party private capital. Because of the law’s timing, this program was not built into the FY14 budget. CEFIA began stakeholder outreach and program design in August and determined that an additional \$90,000 is needed in the residential budget (table 3). This increase will cover:

- Partnership with the Wisconsin Energy Conservation Corporation, a national leader in design and implementation of OBR programs.
- Master servicer who will manage the payment process between the utilities and lenders and in the coming months will assist in program design.

Table 3. Residential Programs Budget Request

	Approved Budget		Revised Budget		Budget Increase (Decrease)
Consulting fees	\$	171.3	\$	261.3	\$ 90.0

GENERAL OPERATIONS

CEFIA created several special purpose vehicles (SPVs) as part of the CT Solar Lease and CT Solar Loan financial structures. CEFIA is requested an additional \$90,500 to cover audits of these SPVs as well as tax preparation services.

Table 4. General Operations Budget Request

	Approved Budget		Revised Budget		Budget Increase (Decrease)
Accounting & Audit	\$	45.0	\$	135.5	\$ 90.5

Additionally, CEFIA requests to amend the staffing plan to reflect the hire of an asset manager or loan portfolio manager. Due to the increasing amount of loans in CEFIA's portfolio, there is a need for centralized management of loan and contractual requirements as well as compliance with all transactional requirements before and after closings. This new position would be responsible for creating CEFIA's protocols for management of these processes as well as implementation. We propose to reallocate an approved position, manager of finance, to cover this need. The change is reflected in the updated staffing plan included here as Attachment 2.

IMPACT

Attachment 3 outlines the effect of this request on CEFIA's FY2014 profit and loss statement and cash flow statement, respectively. Estimated unrestricted cash at the end of the year would be reduced to \$9.76 million from \$11.01 million.

RESOLUTION

RESOLVED, the Clean Energy Finance and Investment Authority's (CEFIA) Budget and Operations Committee (the Committee) recommends that the CEFIA Board of Directors approve the requested \$1,332,700 increase in the fiscal year 2014 budget outlined in Tables, 2, 3 and 4 of the memorandum presented to the Committee dated December 4, 2013 (the Memorandum); and

RESOLVED, the Committee recommends that the CEFIA Board of Directors approve the updated staffing plan detailed in Attachment 2 of the Memorandum.

Clean Energy Finance and Investment Authority

FY 14 General Operations Budget

Proposed Budget Revisions

(in thousands)

	Approved Budget		Revised Budget		Budget Increase (Decrease)	%	Note
<u>Operating Expenses</u>							
<i>Compensation</i>							
-Salaries & Wages - CEFIA Employees	\$ 598.6	\$	\$ 598.6	\$	-	0%	
-Salaries & Wages - CI Shared Services	\$ 430.3	\$	\$ 430.3	\$	-	0%	
-Employee Benefits - CEFIA Employees	\$ 445.3	\$	\$ 445.3	\$	-	0%	
-Employee Benefits - CI Shared Services	\$ 347.3	\$	\$ 347.3	\$	-	0%	
-Temporary employees	\$ 30.0	\$	\$ 30.0	\$	-	0%	
<i>Consulting and professional fees</i>							
- Legal	\$ 35.0	\$	\$ 35.0	\$	-	0%	
- Accounting & Audit	\$ 45.0	\$	\$ 135.5	\$	90.5	201%	1
- Consulting fees	\$ 20.0	\$	\$ 20.0	\$	-	0%	
<i>Marketing/External relations</i>	\$ 536.0	\$	\$ 536.0	\$	-	0%	
<i>Rent and location related expenses</i>							
-Rent/Utilities/Maintenance	\$ 48.8	\$	\$ 48.8	\$	-	0%	
-Telephone/Communications	\$ 11.6	\$	\$ 11.6	\$	-	0%	
-Depreciation FF&E	\$ 31.1	\$	\$ 31.1	\$	-	0%	
<i>Office, computer & other expenses</i>							
-Office expense	\$ 15.5	\$	\$ 15.5	\$	-	0%	
-IT operations	\$ 10.9	\$	\$ 10.9	\$	-	0%	
-Training/education/subscriptions	\$ 51.0	\$	\$ 51.0	\$	-	0%	
-Travel,meeting& related expenses	\$ 85.0	\$	\$ 85.0	\$	-	0%	
-Insurance	\$ 62.0	\$	\$ 62.0	\$	-	0%	
Total Operating Expenses	\$ 2,803.4	\$	\$ 2,893.9	\$	90.5	3%	

Notes

1. Revised budget increase reflects the Cohn Reznick proposal to provide audit,accounting and tax services to CEFIA Holdings LLC, CT Solar Loan LLC, CEFIA Solar Services, Inc and CT Solar Lease 2 LLC.

Clean Energy Finance and Investment Authority

FY 14 Operations Budget for CPACE

Proposed Budget Revisions

(in thousands)

	Approved Budget		Revised Budget		Budget Increase (Decrease)	%
<u>Operating Expenses</u>						
<i>Compensation</i>						
-Salaries & Wages - CEFIA Employees	\$ 666.9	\$	\$ 716.9	\$	\$ 50.0	7%
-Employee Benefits - CEFIA Employees	\$ 496.1	\$	\$ 533.3	\$	\$ 37.2	7%
-Temporary employees	\$ -	\$	\$ -	\$	\$ -	
<i>Consulting and professional fees</i>						
- Legal	\$ 95.0	\$	\$ 95.0	\$	\$ -	0%
- Consulting fees	\$ 175.0	\$	\$ 75.0	\$	\$ (100.0)	-133%
- Technical administrator	\$ -	\$	\$ 800.0	\$	\$ 800.0	100%
- Municipal support	\$ -	\$	\$ 80.0	\$	\$ 80.0	100%
- Loan servicing fees	\$ -	\$	\$ 100.0	\$	\$ 100.0	100%
<i>Marketing/External relations</i>	\$ 400.0	\$	\$ 600.0	\$	\$ 200.0	33%
<i>EM&V</i>	\$ 50.0	\$	\$ 50.0	\$	\$ -	0%
<i>Rent and location related expenses</i>						
-Rent/Utilities/Maintenance	\$ 54.4	\$	\$ 54.4	\$	\$ -	0%
-Telephone/Communications	\$ 12.9	\$	\$ 12.9	\$	\$ -	0%
-Depreciation FF&E	\$ 34.7	\$	\$ 34.7	\$	\$ -	0%
<i>Office, computer & other expenses</i>						
-Office expense	\$ 17.2	\$	\$ 17.2	\$	\$ -	0%
-IT operations - General Operations	\$ 12.2	\$	\$ 12.2	\$	\$ -	0%
-IT operations - Program Specific	\$ 30.0	\$	\$ 15.0	\$	\$ (15.0)	-100%
-Training/education/subscriptions	\$ 10.0	\$	\$ 10.0	\$	\$ -	0%
-Travel,meeting& related expenses	\$ 20.0	\$	\$ 20.0	\$	\$ -	0%
Total Operating Expenses	\$ 2,074.4	\$	\$ 3,226.6	\$	\$ 1,152.2	36%
Operating income	\$ -	\$	\$ (90.0)	\$	\$ (90.0)	
Net operating expenses	\$ 2,074.4	\$	\$ 3,136.6	\$	\$ 1,062.2	34%

Clean Energy Finance and Investment Authority
 FY 14 Operations Budget for Residential Programs
 Proposed Budget Revisions

(in thousands)

	Smart E/Cozy/EE Loans			CT Solar Lease 2 LLC			CT Solar Loan I LLC			All Residential Programs			
	Approved Budget	Revised Budget	Budget Increase (Decrease)	Approved Budget	Revised Budget	Budget Increase (Decrease)	Approved Budget	Revised Budget	Budget Increase (Decrease)	Approved Budget	Revised Budget	Budget Increase (Decrease)	%
Operating Expenses													
<u>Compensation</u>													
-Salaries & Wages - CEFIA Employees	\$ 388.9	\$ 388.9	\$ -	\$ 235.7	\$ 235.7	\$ -	\$ 87.0	\$ 87.0	\$ -	\$ 711.6	\$ 711.6	\$ -	0%
-Employee Benefits - CEFIA Employees	\$ 289.3	\$ 289.3	\$ -	\$ 175.3	\$ 175.3	\$ -	\$ 64.7	\$ 64.7	\$ -	\$ 529.3	\$ 529.3	\$ -	0%
-Temporary employees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<u>Consulting and professional fees</u>													
- Legal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 60.0	\$ 60.0	\$ -	\$ 60.0	\$ 60.0	\$ -	0%
- Consulting fees	\$ 151.3	\$ 241.3	\$ 90.0	\$ 20.0	\$ 20.0	\$ -	\$ -	\$ -	\$ -	\$ 171.3	\$ 261.3	\$ 90.0	53%
- Project Inspection Fees	\$ 38.1	\$ 38.1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 38.1	\$ 38.1	\$ -	0%
<u>Marketing/External relations</u>													
EM&V	\$ 550.0	\$ 550.0	\$ -	\$ 165.0	\$ 165.0	\$ -	\$ -	\$ -	\$ -	\$ 715.0	\$ 715.0	\$ -	0%
<u>Rent and location related expenses</u>													
-Rent/Utilities/Maintenance	\$ 31.7	\$ 31.7	\$ -	\$ 19.2	\$ 19.2	\$ -	\$ 7.1	\$ 7.1	\$ -	\$ 58.0	\$ 58.0	\$ -	0%
-Telephone/Communications	\$ 7.5	\$ 7.5	\$ -	\$ 4.6	\$ 4.6	\$ -	\$ 1.7	\$ 1.7	\$ -	\$ 13.8	\$ 13.8	\$ -	0%
-Depreciation FF&E	\$ 20.2	\$ 20.2	\$ -	\$ 12.3	\$ 12.3	\$ -	\$ 4.5	\$ 4.5	\$ -	\$ 37.0	\$ 37.0	\$ -	0%
<u>Office, computer & other expenses</u>													
-Office expense	\$ 10.0	\$ 10.0	\$ -	\$ 6.1	\$ 6.1	\$ -	\$ 2.2	\$ 2.2	\$ -	\$ 18.3	\$ 18.3	\$ -	0%
-IT operations - General Operations	\$ 7.1	\$ 7.1	\$ -	\$ 4.3	\$ 4.3	\$ -	\$ 1.6	\$ 1.6	\$ -	\$ 13.0	\$ 13.0	\$ -	0%
-IT operations - Program Specific	\$ 115.0	\$ 115.0	\$ -	\$ 37.5	\$ 37.5	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
-Training/education/subscriptions	\$ 8.0	\$ 8.0	\$ -	\$ 2.8	\$ 2.8	\$ -	\$ -	\$ -	\$ -	\$ 10.8	\$ 10.8	\$ -	0%
-Travel, meeting & related expenses	\$ 11.3	\$ 11.3	\$ -	\$ 3.8	\$ 3.8	\$ -	\$ -	\$ -	\$ -	\$ 15.1	\$ 15.1	\$ -	0%
Total Operating Expenses	\$ 1,778.4	\$ 1,868.4	\$ 90.0	\$ 711.6	\$ 711.6	\$ -	\$ 228.8	\$ 228.8	\$ -	\$ 2,566.3	\$ 2,656.3	\$ 90.0	4%

**Clean Energy Finance and Investment Authority
FY 2014 Operations and Program Budget
Staffing Plan**

<u>Position</u>		<u>Approved Staffing Plan</u>		<u>Revised Staffing Plan</u>	
<u>CEFIA Employees</u>					
President, CEFIA	Garcia,Bryan	X	2,080	X	2,080
Chief of Staff	Dykes,Mackey	X	2,080	X	2,080
Executive Vice President and Chief Investment Officer	Hunter,Bert	X	2,080	X	2,080
General Counsel	Farnen,Brian	X	2,080	X	2,080
Director,PACE	Bailey,Jessica	X	2,080	X	2,080
Director of Institutional Programs	Brydges,Andy	X	2,080	X	2,080
Director,Government and External Relations	Goldberg,David	X	2,080	X	2,080
Director of Statutory & Infrastructure Programs	Hedman,Dale	X	2,080	X	2,080
Director of Residential Programs	O'Neill,Kerry	X	2,080	X	2,080
Associate Director of Outreach	Wall,Bob	X	2,080	X	2,080
Associate Director of Technology Innovation	Stevenson,Kim	X	2,080	X	2,080
Senior Manager, Clean Energy Finance	Healey,Ben	X	2,080	X	2,080
Senior Manager of Marketing and Outreach	Murphy,Jon	X	2,080	X	2,080
Senior Manager of Marketing and Outreach	Rivera, Gladys	X	2,080	X	2,080
Senior Manager of Clean Energy Deployment	Ross,Rick	X	2,080	X	2,080
Manager of Evaluation Measurement and Verification	Charpentier,Lucy	X	2,080	X	2,080
Senior Manager, Clean Energy Finance	Lieberman,Ali	X	2,080	X	2,080
Manager, Technology Innovation	Price, Selya	X	2,080	X	2,080
Manager,CPACE	Sherman,Genevieve	X	2,080	X	2,080
Associate of Clean Energy Deployment	McCarthy,Neil	X	2,080	X	2,080
Associate of Marketing and Outreach	Schmitt,Robert	X	2,080	X	2,080
Project Assistant	Buonannata,Joe	X	2,080	X	2,080
Project Assistant	Kranich,Ed	X	2,080	X	2,080
Project Assistant	Lewis,Lynne	X	2,080	X	2,080
Project Assistant	Mancini,Andrea	X	2,080	X	2,080
Project Assistant	Stewart,Fiona	X	2,080	X	2,080
Project Assistant	Vigil,Marycruz	X	2,080	X	2,080
Paralegal	French,Loyola	X	2,080	X	2,080
Executive Assistant	Samuels,Cheryl	X	2,080	X	2,080
<u>New Hires</u>					
Senior Manager, (Residential Programs)	D'Agostino, John	X	2,080	X	2,080
Program Manager/Loan Administrator, (CE Financing)		X	2,080	X	2,080
Program Assistant, (CPACE)	McCalpin,William	X	2,080	X	2,080
Project Assistant, (CPACE)				X	1,040
Project Assistant, (Residential Programs)	Priest, Madeline	X	2,080	X	2,080
<u>CI Shared Employees</u>					
VP Finance and Administration	Bellas,George	X	1,560	X	1,560
Manager,Human Resources	Kaswan,Sue	X	1,040	X	1,040
Manager,Payroll	Basden,Chris	X	832	X	832
Director IT and Facilities	Casparino,Joe	X	624	X	624
IT Staff	Peretto, Kim	X	624	X	624
IT Staff		X	1,040	X	1,040
Senior Accountant (P/T)	Landry,Joe	X	998	X	998
Accounting Assistant	Turker,Irene	X	2,080	X	2,080
Accounting Assistant	Soares,Natalia	X	2,080	X	2,080
Reception/Switchboard	Perusse,Gina	X	624	X	624
			38.53		39.03

Clean Energy Finance and Investment Authority
FY 14 Operations and Program Budget
Statement of Income and General Operations and Program Expenses

(in thousands)

	Revised FY 2014 Budget			Approved FY 2014 Budget				
	General Operations	Total Programs	Total Operations & Program Budget	General Operations	Total Programs	Total Operations & Program	Inc(Dec)	% Inc.
Income								
Utility customer assessments	\$ 27,600.0	\$ -	\$ 27,600.0	\$ 27,600.0	\$ -	\$ 27,600.0	\$ -	0.0%
RGGI auction proceeds	\$ 5,900.0	\$ -	\$ 5,900.0	\$ 5,900.0	\$ -	\$ 5,900.0	\$ -	0.0%
RGGI proceeds additional sources	\$ 12,800.0	\$ -	\$ 12,800.0	\$ 12,800.0	\$ -	\$ 12,800.0	\$ -	0.0%
Interest on bank deposits	\$ 100.0	\$ -	\$ 100.0	\$ 100.0	\$ -	\$ 100.0	\$ -	0.0%
Interest Income - Solar Lease I Portfolio, net of fees	\$ 110.0	\$ -	\$ 110.0	\$ 110.0	\$ -	\$ 110.0	\$ -	0.0%
Grant income (Federal Programs)	\$ -	\$ 300.0	\$ 300.0	\$ -	\$ 300.0	\$ 300.0	\$ -	0.0%
Renewable Energy Credits, net of fees	\$ -	\$ 575.0	\$ 575.0	\$ -	\$ 575.0	\$ 575.0	\$ -	
Loan closing fees	\$ -	\$ 90.0	\$ 90.0	\$ -	\$ -	\$ -	\$ 90.0	
Other income	\$ 100.0	\$ -	\$ 100.0	\$ 100.0	\$ -	\$ 100.0	\$ -	0.0%
Total revenues:	\$ 46,610.0	\$ 965.0	\$ 47,575.0	\$ 46,610.0	\$ 875.0	\$ 47,485.0	\$ 90.0	0.2%
Expenses								
<u>Compensation</u>								
-Salaries & Wages - CEFIA Employees	\$ 598.6	\$ 2,739.5	\$ 3,338.1	\$ 598.6	\$ 2,689.5	\$ 3,288.1	\$ 50.00	1.5%
-Salaries & Wages - CI Shared Services	\$ 430.3	\$ -	\$ 430.3	\$ 430.3	\$ -	\$ 430.3	\$ -	0.0%
-Employee Benefits - CEFIA Employees	\$ 445.3	\$ 2,037.6	\$ 2,482.9	\$ 445.3	\$ 2,000.4	\$ 2,445.7	\$ 37.20	1.5%
-Employee Benefits - CI Shared Services	\$ 347.3	\$ -	\$ 347.3	\$ 347.3	\$ -	\$ 347.3	\$ -	0.0%
-Temporary employees	\$ 30.0	\$ 40.0	\$ 70.0	\$ 30.0	\$ 40.0	\$ 70.0	\$ -	0.0%
<u>Consulting and professional fees</u>								
- Legal	\$ 35.0	\$ 285.0	\$ 320.0	\$ 35.0	\$ 285.0	\$ 320.0	\$ -	0.0%
- Accounting & Audit	\$ 135.5	\$ -	\$ 135.5	\$ 45.0	\$ -	\$ 45.0	\$ 90.50	201.1%
- Consulting fees	\$ 20.0	\$ 1,099.2	\$ 1,119.2	\$ 20.0	\$ 1,109.2	\$ 1,129.2	\$ (10.00)	-0.9%
- Technical administrator	\$ -	\$ 800.0	\$ 800.0	\$ -	\$ -	\$ -	\$ 800.00	
- Municipal support	\$ -	\$ 80.0	\$ 80.0	\$ -	\$ -	\$ -	\$ 80.00	
- Loan serving fees	\$ -	\$ 100.0	\$ 100.0	\$ -	\$ -	\$ -	\$ 100.00	
- Project Inspection Fees	\$ -	\$ 306.4	\$ 306.4	\$ -	\$ 306.4	\$ 306.4	\$ -	0.0%
<u>Marketing/External relations</u>	\$ 536.0	\$ 1,722.5	\$ 2,258.5	\$ 536.0	\$ 1,522.5	\$ 2,058.5	\$ 200.00	9.7%
<u>EM&V</u>	\$ -	\$ 430.0	\$ 430.0	\$ -	\$ 430.0	\$ 430.0	\$ -	0.0%
<u>Rent and location related expenses</u>								
-Rent/Utilities/Maintenance	\$ 48.8	\$ 219.2	\$ 268.0	\$ 48.8	\$ 219.2	\$ 268.0	\$ -	0.0%
-Telephone/Communications	\$ 11.6	\$ 51.9	\$ 63.5	\$ 11.6	\$ 51.9	\$ 63.5	\$ -	0.0%
-Depreciation FF&E	\$ 31.1	\$ 139.9	\$ 171.0	\$ 31.1	\$ 139.9	\$ 171.0	\$ -	0.0%
<u>Office, computer & other expenses</u>								
-Office expense	\$ 15.5	\$ 69.5	\$ 85.0	\$ 15.5	\$ 69.5	\$ 85.0	\$ -	0.0%
-IT operations-general infrastructure	\$ 10.9	\$ 49.1	\$ 60.0	\$ 10.9	\$ 49.1	\$ 60.0	\$ -	0.0%
-IT operations-program specific	\$ -	\$ 317.5	\$ 317.5	\$ -	\$ 332.5	\$ 332.5	\$ (15.00)	-4.5%
-Training/education/subscriptions	\$ 51.0	\$ 70.8	\$ 121.8	\$ 51.0	\$ 70.8	\$ 121.8	\$ -	0.0%
-Travel,meeting& related expenses	\$ 85.0	\$ 127.6	\$ 212.6	\$ 85.0	\$ 127.6	\$ 212.6	\$ -	0.0%
-Insurance	\$ 62.0	\$ -	\$ 62.0	\$ 62.0	\$ -	\$ 62.0	\$ -	0.0%
Expenses before Financial Incentives:	\$ 2,893.9	\$ 10,685.7	\$ 13,579.6	\$ 2,803.4	\$ 9,443.5	\$ 12,246.9	\$ 1,332.7	10.9%
<u>Federal (N2N)Grant expenditures</u>	\$ -	\$ 300.0	\$ 300.0	\$ -	\$ 300.0	\$ 300.0	\$ -	
<u>Financial Incentives- Grants and Rebates</u>	\$ -	\$ 16,325.0	\$ 16,325.0	\$ -	\$ 16,325.0	\$ 16,325.0	\$ -	
<u>Financial Incentives -Purchase of RECs</u>	\$ -	\$ 525.0	\$ 525.0	\$ -	\$ 525.0	\$ 525.0	\$ -	
<u>Interest Rate Buydowns</u>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<u>Provision for Loan Loss</u>	\$ -	\$ 3,432.7	\$ 3,432.7	\$ -	\$ 3,432.7	\$ 3,432.7	\$ -	
Financial Incentives:	\$ -	\$ 20,582.7	\$ 20,582.7	\$ -	\$ 20,582.7	\$ 20,582.7	\$ -	0.0%
Total Expenditures:	\$ 2,893.9	\$ 31,268.4	\$ 34,162.3	\$ 2,803.4	\$ 30,026.2	\$ 32,829.6	\$ 1,332.7	4.1%
Total Revenue over Expenditures:			\$ 13,412.7			\$ 14,655.4	\$ (1,242.7)	

Clean Energy Finance and Investment Authority

FY14 Statement of Cash Flows

Comparison of Approved and Revised Budget

(000's)

	Approved Budget		Revised Budget		Inc (Dec) Budget
Cash flows from operating activities					
CASH IN:					
Proceeds from utility customer assessments	\$ 27,600.0	\$	\$ 27,600.0	\$	\$ -
Proceeds from RGGI auctions	\$ 5,900.0	\$	\$ 5,900.0	\$	\$ -
Proceeds from RGGI additional sources	\$ 12,800.0	\$	\$ 12,800.0	\$	\$ -
Proceeds from grants	\$ 300.0	\$	\$ 300.0	\$	\$ -
Proceeds from RECs/other income	\$ 150.0	\$	\$ 240.0	\$	\$ 90.0
Proceeds from Interest on deposits, investments, solar lease notes	\$ 260.0	\$	\$ 260.0	\$	\$ -
Proceeds from State Bonds	\$ -	\$	\$ -	\$	\$ -
CASH OUT:					
Expenditures General and Program Administration	\$ (10,500.0)	\$	\$ (11,832.7)	\$	\$ (1,332.7)
Expenditures third party grants (LBE,N2N,Sunrise)	\$ (300.0)	\$	\$ (300.0)	\$	\$ -
Expenditures grants and rebates approved prior to FY13	\$ (8,000.0)	\$	\$ (8,000.0)	\$	\$ -
Expenditures grants and rebates -other programs	\$ (5,100.0)	\$	\$ (5,100.0)	\$	\$ -
Expenditures residential solar lease PV program- rebates	\$ (4,750.0)	\$	\$ (4,750.0)	\$	\$ -
Expenditures residential solar loan program-rebates	\$ -	\$	\$ -	\$	\$ -
Expenditures-Credit Enhancement IRB	\$ -	\$	\$ -	\$	\$ -
Net cash used by operating activities	\$ 18,360.0	\$	\$ 17,117.3	\$	\$ (1,242.7)
Cash flows from investing activities					
LOAN RECOVERY					
Return of principal on solar lease V1 promissory notes	\$ 720.0	\$	\$ 720.0	\$	\$ -
Proceeds from residential solar loan program	\$ 75.0	\$	\$ 75.0	\$	\$ -
Proceeds from WINN LISC program	\$ -	\$	\$ -	\$	\$ -
Proceeds from Campus Efficiency NOW program	\$ -	\$	\$ -	\$	\$ -
Proceeds from EEl oan programs	\$ -	\$	\$ -	\$	\$ -
	<u>795.0</u>		<u>795.0</u>		<u>-</u>
LOAN DISBURSEMENTS					
AD/CHP programs	\$ (2,500.0)	\$	\$ (2,500.0)	\$	\$ -
Alpha & Op Demo programs	\$ (1,335.0)	\$	\$ (1,335.0)	\$	\$ -
Campus Efficiency NOW programs	\$ (875.0)	\$	\$ (875.0)	\$	\$ -
Commercial solar lease (MUSH) program	\$ -	\$	\$ -	\$	\$ -
CPACE program	\$ (25,000.0)	\$	\$ (25,000.0)	\$	\$ -
Energy Efficiency Loan programs	\$ (5,000.0)	\$	\$ (5,000.0)	\$	\$ -
Grid tied program	\$ (3,500.0)	\$	\$ (3,500.0)	\$	\$ -
MicroGrid program	\$ (5,000.0)	\$	\$ (5,000.0)	\$	\$ -
Residential solar lease SHW program	\$ -	\$	\$ -	\$	\$ -
Residential solar lease PV program	\$ -	\$	\$ -	\$	\$ -
Residential solar loan program	\$ (2,803.9)	\$	\$ (2,803.9)	\$	\$ -
Solar PV Capital Competition	\$ (1,000.0)	\$	\$ (1,000.0)	\$	\$ -
WINN LISC program	\$ (1,875.0)	\$	\$ (1,875.0)	\$	\$ -
	<u>(48,888.9)</u>		<u>(48,888.9)</u>		<u>-</u>
EQUITY INVESTMENTS					
Commercial solar lease (MUSH) program	\$ (675.0)	\$	\$ (675.0)	\$	\$ -
Residential solar lease SHW program	\$ (225.0)	\$	\$ (225.0)	\$	\$ -
Residential solar lease PV program	\$ (3,600.0)	\$	\$ (3,600.0)	\$	\$ -
	<u>(4,500.0)</u>		<u>(4,500.0)</u>		<u>-</u>
Net cash used by investing activities	\$ (52,593.9)	\$	\$ (52,593.9)	\$	\$ -
Cash flows from capital activities					
Purchase of furniture, equipment & software	\$ (25.0)	\$	\$ (25.0)	\$	\$ -
Net cash used in operating, investing and capital activities	\$ (34,258.9)	\$	\$ (35,501.6)	\$	\$ (1,242.7)
State of Connecticut Cash Sweep	\$ (6,200.0)	\$	\$ (6,200.0)	\$	\$ -
Cash and cash equiv., Beginning of Period	\$ 62,840.3	\$	\$ 62,840.3	\$	\$ -
Cash and cash equiv., End of Period	\$ 22,381.4	\$	\$ 21,138.7	\$	\$ (1,242.7)
UNRESTRICTED CASH:	\$ 11,006.9	\$	\$ 9,764.2	\$	\$ (1,242.7)
RESTRICTED CASH FEDERAL FUNDS FOR ARRA SEP:	\$ 11,374.5	\$	\$ 11,374.5	\$	\$ -
	<u>\$ 22,381.4</u>	<u>\$</u>	<u>\$ 21,138.7</u>	<u>\$</u>	<u>\$ (1,242.7)</u>