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CLEAN ENERGY
FINANCE AND INVESTMENT AUTHORITY

August 17, 2012

Dear Deployment Committee Members:

We look forward to our special meeting on Friday, August 24, 2012 at 3:00 p.m.

For those of you that can't make the meeting, we will provide a conference call-in number for you to dial-in.

We will be discussing a proposal to issue a conditional letter of commitment for up to a $2.0 million Loan Loss Reserve in Partnership with Connecticut Housing Finance Authority (CHFA), The United States Department of Housing and Urban Development (HUD), WINN Development, LLC (WINN) and Local Initiatives Support Corporation (LISC) under HUD's Energy Innovation Fund.

CEFIA staff is proposing that the Deployment Committee review and approve of a draft commitment letter to be filed with HUD to ensure that Connecticut has an opportunity to attract federal funds from HUD through the Energy Innovation Fund and private capital through WINN/LISC through the Multifamily Energy Loan Fund Pilot Program. With these prospective funds, CEFIA would work with WINN and CHFA to identify suitable properties to deploy financing for energy efficiency and renewable energy projects in low income multifamily housing in Connecticut.

Materials for the meeting can be found at the link below. We have included numerous background documents for further information. A short memo providing an overview of the transaction will be uploaded this weekend.

Please let us know if you have any questions or concerns.

We'll see you on Friday. Enjoy the weekend.

Sincerely,

Bryan Garcia
President and CEO

AGENDA

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

Friday, August 24, 2012 – Special Meeting
3:00-4:00 p.m.

Staff Invited: Mackey Dykes, Brian Farnen, Bryan Garcia, Bert Hunter, and Dave Ljungquist

1. Call to order

2. Public Comments – 5 minutes

3. Approval of meeting minutes for July 23, 2012* – 5 minutes

4. Review and approval of commitment letter for HUD Energy Innovation Fund grant program* – 50 minutes

5. Adjourn

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

Call-in information: 1-877-885-3221 Access code: 8446562

Next Regular Meeting: Friday, November 16, 2012
Clean Energy Finance and Investment Authority, 865 Brook Street, Rocky Hill, CT

RESOLUTIONS

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

Friday, August 24, 2012 – Special Meeting
3:00-4:00 p.m.

Staff Invited: Mackey Dykes, Brian Farnen, Bryan Garcia, Bert Hunter, and Dave Ljungquist

1. Call to order

2. Public Comments – 5 minutes

3. Approval of meeting minutes for July 23, 2012* – 5 minutes

   Motion to approve the minutes of the Deployment Committee of July 23, 2012. Special Meeting. Second. Discussion. Vote.

4. Review and approval of commitment letter for HUD Energy Innovation Fund grant program* – 50 minutes

   WHEREAS, NRG Solutions LLC, an affiliate of WinnCompanies ("Winn"), with a letter of support from the Clean Energy Finance and Investment Authority (CEFIA), was awarded an Energy Innovation Fund grant in the amount of $5.25 million from the U.S. Department of Housing and Urban Development ("HUD") in support of the establishment of a Multifamily Energy Loan Fund Pilot Program;

   Whereas, the Board of Directors of CEFIA approved of a budget allocation through its strategic plan that included credit enhancement funds for a loan loss reserve to support a public-private partnership for the low income multifamily market segment;

   Whereas, the Connecticut Housing and Finance Authority and the Connecticut Department of Economic Development have recently announced a $300 million 10-year affordable housing initiative to strengthen communities through economic development, and CEFIA can support energy improvements for these efforts by attracting private capital for the deployment of energy efficiency and renewable energy technologies in these properties; and

   Whereas, per Section 101 of Public Act 11-80 the Connecticut Department of Energy and Environmental Protection filed a report to the Joint Legislative Committee on Energy and Technology regarding the equitable distribution of conservation and renewable energy funds in Connecticut that found that CEFIA funds were not equitably distributed to economically disadvantaged communities in 2010.

NOW, therefore be it:

RESOLVED, the Deployment Committee approves of the execution and filing of a conditional commitment letter to HUD for the Multifamily Energy Loan Fund Pilot Program as set forth in the attached Exhibit A;

RESOLVED, the Deployment Committee requests that the CEFIA staff present the final definitive terms and conditions of the Multifamily Energy Loan Fund Pilot Program for approval;

RESOLVED, that this Board action is consistent with CEFIA's Comprehensive Plan and Section 5.3.3 of CEFIA's Bylaws; and

RESOLVED, that the proper CEFIA officers are authorized and empowered to do all other acts and execute and deliver all other documents as they shall deem necessary and desirable to effect this Resolution.

5. Adjourn

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

Call-in information: 1-877-885-3221 Access code: 8446562

Next Regular Meeting: Friday, November 16, 2012
Clean Energy Finance and Investment Authority, 865 Brook Street, Rocky Hill, CT

Deployment Committee of the Clean Energy Finance and Investment Authority

Agenda Item #1

Call to Order

August 24, 2012

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Deployment Committee of the Clean Energy Finance and Investment Authority

Agenda Item #2

Public Comments

August 24, 2012

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Deployment Committee of the Clean Energy Finance and Investment Authority

Agenda Item #3

Approval of Meeting Minutes for July 23, 2012

August 24, 2012

CLEAN ENERGY
FINANCE AND INVESTMENT AUTHORITY

Deployment Committee of the Clean Energy Finance and Investment Authority

Agenda Item #4

Review and Approval of Commitment Letter

August 24, 2012

Financing Program
Multifamily Energy Loan Fund

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- **Type of Program** – Loan Loss Reserve (4:1 leverage)
- **Policy Basis**
  - **PA 11-80** – consistent with public policy direction of PA 11-80 (i.e., use financing to support, promote and stimulate demand for clean energy investment)
  - **IRP** – supportive of the Integrated Resource Plan to deliver cost-effective energy efficiency and availability of financing through CEFIA programs
  - **Comprehensive Plan** – an integral component of CEFIA's Comprehensive Plan – (a) a financing program; (b) support clean energy in the low income multifamily residential sector
- **Sector Focus** – low income multifamily residential sector

Department of Housing and Urban Development
Energy Innovation Fund

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- **Energy Innovation Fund** – awarded $23 million to 12 organizations to test new energy saving approaches in older multifamily housing developments.
- **Multifamily Energy Loan Fund** – awarded NRG Solutions $5.25 million for loan loss reserves, energy savings insurance, and administrative costs to support projects in partnership with CT, MA, and NYC

Multifamily Energy Loan Fund
Goals

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- **Pilot an innovative financing approach** – provide a credit enhancement to attract private capital that uses an energy savings agreement and power purchase agreement to finance clean energy projects in multifamily low income households
- **Support economic development** – ensure the deployment of clean energy with the state's affordable housing initiative to strengthen communities through economic development
- **Equitable distribution of funds** –
  - leverage ratepayer resources from low income households to attract private capital investment in economically disadvantaged communities.
  - This addresses key finding of DEEP report to legislature

Multifamily Energy Loan Fund
Program Partners

States

Financing

Property Selection

Multifamily Energy Loan Fund
Selection of Properties

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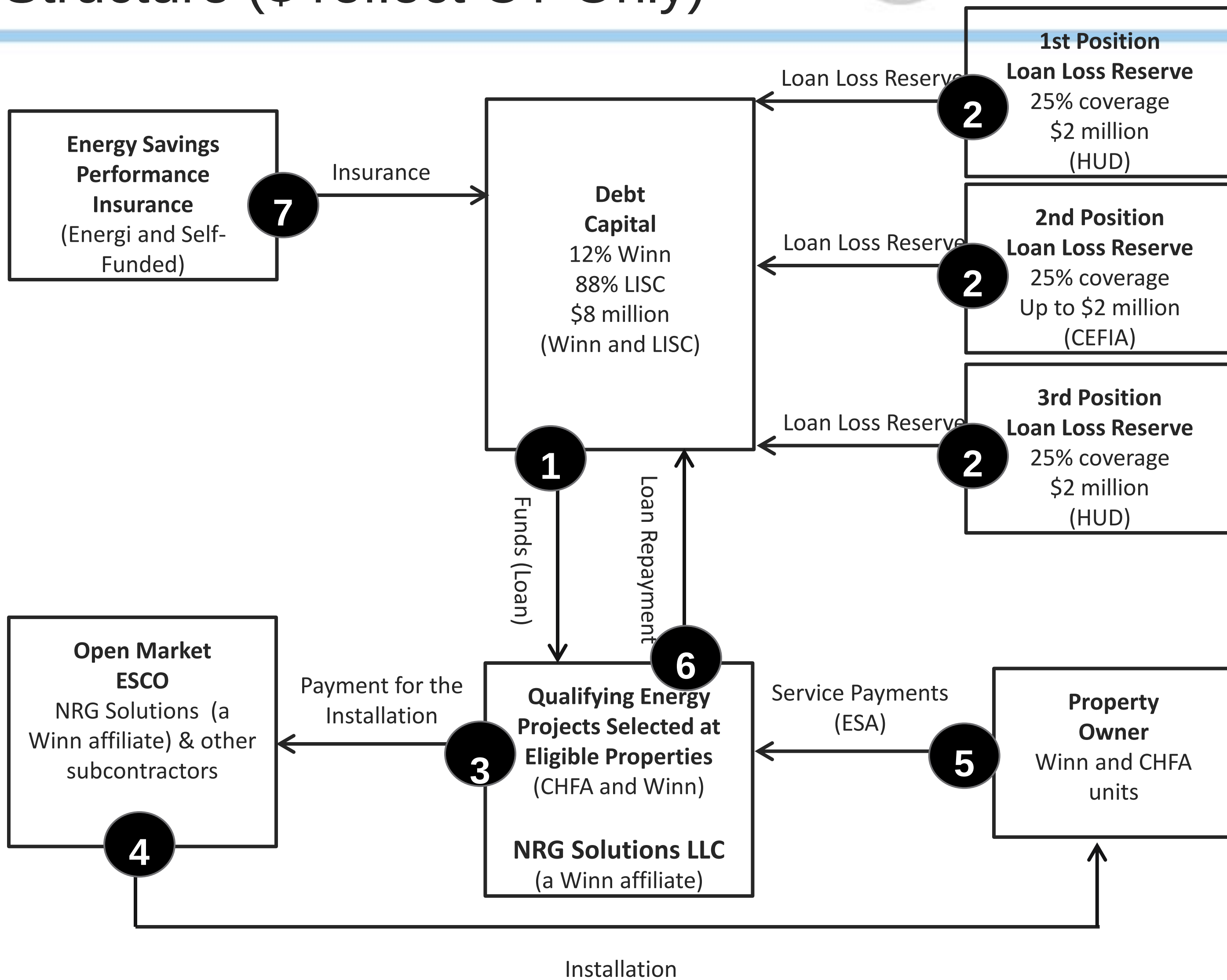
Family Type	No. of Properties	No. of Units	Occupied Units	No. of Residents
Elderly – State Sponsored	209	7,683	7,073	7,638
Elderly – CHFA Financed	99	9,246	8,994	10,270
Family – State Sponsored	121	6,267	4,383	11,756
Family – CHFA Financed	120	9,798	8,805	18,341
Assisted Living	4	226	215	221
Supportive Housing	38	1,018	921	1,438
Total	**591**	**34,248**	**30,391**	**49,664**

Governor Malloy announced a $300 million 10-year affordable housing initiative through DECD and Connecticut Housing Finance Authority (CHFA). Of the CHFA properties, almost 8,000 units may be eligible for the Multifamily Energy Loan Fund Pilot Program.

Multifamily Energy Loan Fund
Deal Structure ($ reflect CT Only)



Multifamily Energy Loan Fund
Assessment of Risk

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- **Financially strong partners with extensive experience in the low to moderate multifamily housing market**
  - Winn Companies – over 40 years old, a nationally recognized owner, developer, and manager of real estate with headquarters in Boston and regional offices, including Hartford.
  - LISC – over 30 years old, they invested $1.1 billion in 2011 which leveraged $2.6 billion in total development resulting in over 14,000 affordable homes and apartments, retail and community space.
- **Well designed, thorough and HUD approved work plan and project selection process**.
- **Experienced technical advisor in Bright Power**
- **HUD oversight**

Multifamily Energy Loan Fund
Reporting Schedule

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- **Quarterly Updates** (i.e. October, January, April, and July) – to the Deployment Committee, including:
  - Loan originations by participant and project with details on buildings addressed and measures performed
  - Energy savings performance (i.e. kWh, MMBtu, and avoided costs)
  - Loan repayment performance
  - Performance to date on the Multifamily Energy Loan Fund

Multifamily Energy Loan Fund
Deployment Committee Request

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- **Recommendations to the Deployment Committee**
  - Approve of the execution and filing of a conditional commitment letter to HUD for the Multifamily Energy Loan Fund Pilot Program
  - Request that CEFIA staff present the final definitive terms and conditions of the Multifamily Energy Loan Fund Pilot Program for approval

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Deployment Committee of the Clean Energy Finance and Investment Authority

Agenda Item #5

Adjourn

August 24, 2012

DEPLOYMENT COMMITTEE OF THE CLEAN ENERGY FINANCE AND INVESTMENT AUTHORITY

Draft Minutes –Special Meeting
Monday, July 23, 2012

A special meeting of the Deployment Committee of the Board of Directors of the **Clean Energy Finance and Investment Authority ("CEFIA")** was held on July 23, 2012, at the office of CEFIA, 865 Brook Street, Rocky Hill, CT.

1. **Call to Order**: Noting the presence of a quorum, Reed Hundt, Chairperson of the Deployment Committee, called the meeting to order at 3:00 p.m. Deployment Committee members participating: Reed Hundt (by phone); Donald Kirshbaum representing Denise Nappier, State Treasurer; Matthew Ranelli; and Patricia Wrice (by phone).

Staff Attending: Mackey Dykes, Brian Farnen, Bryan Garcia, Dale Hedman, Bert Hunter, Cheryl Samuels and Shelly Mondo.

There being no objection, the order of the agenda was changed.

2. **Public Comments:**

There were no public comments.

3. **Review and Approval of Campus Efficiency Now Proposal:**

Staff was asked to clarify the action being requested by the Deployment Committee regarding the Campus Efficiency Now proposal. Staff explained that the Deployment Committee is being asked to recommend to the Board: 1) the selection of GreenerU and a to be established wholly-owned Connecticut subsidiary of GreenerU as the program partner for the pilot program, 2) a strategic selection and award with the Connecticut Conference of Independent Colleges and Greener U, and 3) authorizing staff to negotiate the final terms of the program in accordance with the conditions set forth in the term sheet.

A discussion ensued on the creation of a subsidiary. Attorney Farnen explained that CEFIA would be entering into an agreement with a subsidiary of GreenerU to segregate this program and CEFIA's funding from other potential liabilities of GreenerU. CEFIA's risk would be comparable to any other lender, such as a bank providing a loan to a third party. CEFIA is not endorsing the workmanship or endorsing GreenerU.

In response to a question, it was noted that if the Board approves the recommendation of the Deployment Committee, the Board would approve the facility and delegate authority to staff to execute the documentation to effectuate the program within the parameters set forth in the term sheet. Individual loans will not have to be approved by the Board. However, any changes to the program would require further Board consideration.

Mr. Garcia provided an overview of the Campus Efficiency Now pilot financing program with the Connecticut Conference of Independent Colleges ("CCIC") and GreenerU, Inc. ("GreenerU"). He stated that the program is consistent with public policy direction of Public Act 11-80, supportive of the Integrated Resource Plan and an integral component of CEFIA's Comprehensive Plan. He spoke about the background, experience and client list of GreenerU. Mr. Garcia spoke about some of the benefits of the pilot program and noted the potential to attract other sectors to do energy efficiencies through this structure by proving the success with this model. It was noted that the success of the model can also attract greater capital investments and allow CEFIA to use other tools (i.e. larger tax-exempt bond financing and the use of the Special Capital Reserve Fund with the Connecticut Health and Educational Facilities Authority).

Mr. Hunter described the structure of the program. He stated that GreenerU and CEFIA would structure five-year contracts with the colleges based on verification of the energy savings. GreenerU would present the completed Energy Savings Agreement along with the project proposal information to CEFIA to confirm the eligibility of the project. The approved project loans by CEFIA to the subsidiary of GreenerU ("OpCo") will enable OpCo to finance the cost of the energy efficiency measures. During the 5-year term of the Energy Savings Agreement, the colleges will pay 80 percent of the value of the savings to OpCo, which will repay the loan made by CEFIA. CEFIA will receive an investment return of at least 7 percent and will be entitled to 80 percent of excess cash flow. CCIC member schools that expressed an interest in the pilot program were selected by CCIC to participate in developing the financing program with CEFIA. Mr. Garcia stated that if the program was done on a larger non-pilot basis, that there would have been a competitive process for identifying the college and university participants.

Attorney Farnen talked about some of the liabilities and risks. He noted that the program was originally structured as a fund-type arrangement, but was subsequently structured closer to a traditional loan arrangement. This structure would be less complex and less expensive compared to the originally proposed fund structure. CEFIA is not making a recommendation to the universities about any product or energy efficiency measure used or implemented by GreenerU or OpCo, and the contract will include indemnity language and disclaimer language for CEFIA. The Deployment Committee members indicated that because the program is so new the risks need to be identified and recognized. Some of the risks discussed include: 1) not knowing the payback period on the energy savings, 2) GreenerU being able to successfully execute the program, and 3) security interest issues. Mr. Hunter indicated that CEFIA tried to limit the risk by limiting availability of the loan facility to an initial $500,000 followed by an additional $500,000 if certain conditions are met and by staging the advances for approved projects rather than advancing funds all at once. He noted that staff did its due diligence with respect to GreenerU, and GreenerU is performing well with other projects. Also, he noted that the management of GreenerU has an extensive track record in energy efficiency as well as clean energy policy matters. Hunter also noted that GreenerU has been successful in attracting institutional investors, such as National

Grid and Casella Waste Systems as part of their shareholder group. Staff was urged to make the risk factors public and to indicate that the program is a pilot program. It was noted that despite best efforts, the program may not be successful, and one of CEFIA's missions is to take more risks. Mr. Ranelli indicated that even though he did not work on this proposal, the firm with which he is employed did some work on this proposal, and therefore he will abstain from the vote.

Questions arose as to whether CEFIA has protection or control in the event of a bankruptcy. Attorney Farnen noted that this level of detail has not yet been negotiated, but he will keep this in mind when finalizing the documentation.

Upon a motion made by Mr. Kirshbaum, seconded by Ms. Wrice, the Deployment Committee members voted in favor of adopting the following resolution regarding the Campus Efficiency Now Program (Mr. Ranelli abstained from the vote):

WHEREAS, the Clean Energy Finance and Investment Authority ("CEFIA") and the Connecticut Conference of Independent Colleges ("CCIC") both recognize the benefits of cooperation in accelerating energy efficiency and renewable energy implementation in Connecticut, resulting in cleaner, cheaper and more reliable sources of energy and have engaged in a memorandum of understanding to support such cooperation.

WHEREAS, it is CEFIA's intention to assist CCIC in helping its members to meet goals for clean energy by providing educational opportunities about the clean energy marketplace and tailored financial products for its members to support building upgrades through the work of qualified contractors and service providers to be selected and engaged directly by the CCIC member institutions.

WHEREAS, CEFIA and GreenerU, Inc. ("GreenerU") both recognize the benefits of cooperation in accelerating energy efficiency and renewable energy implementation in Connecticut, resulting in cleaner, cheaper and more reliable sources of energy.

WHEREAS, CEFIA and GreenerU desire to execute a term sheet that will lead to definitive legal documentation for a loan finance arrangement in an amount not to exceed one million dollars ($1,000,000) establishing the pilot Campus Efficiency Now program;

NOW, therefore be it:

RESOLVED, that the Deployment Committee hereby recommends to the CEFIA Board of Directors the selection of GreenerU and a to be established wholly-owned Connecticut subsidiary of GreenerU ("OpCo") as program partners for the Campus Efficiency Now pilot program as a Strategic Selection and Award pursuant to the CEFIA Operating Procedures Section XII given the uniqueness, special capabilities and strategic importance of its partners (i.e. CCIC and GreenerU) as well as its timeliness and potential for a multi-phase follow-on investment in clean energy for Connecticut's colleges and universities.

RESOLVED, that the Deployment Committee hereby recommends to the CEFIA Board of Directors that the Board of Directors grants approval for CEFIA to enter into a Term Sheet (per Attachment 1) and definitive documentation with GreenerU whereby CEFIA would make loans to OpCo in an aggregate amount not to exceed $1,000,000 (under a loan facility to be available for loan advances for a period of up to 18 months from transaction closing) for the purpose of enabling OpCo to implement clean energy projects for CCIC member colleges and universities with such loans to be repaid with interest over a 5-year term at an annual effective yield of 7.00% utilizing cash flows derived from payments by the CCIC participating college and universities under Energy Savings Agreements ("ESAs") with OpCo of equivalent duration and a target internal rate of return for CEFIA of 7.00% with such loans being limited in recourse to the cash flows derived from the ESAs as described in the attached Term Sheet; and

RESOLVED, that the Deployment Committee action is consistent with CEFIA's purposes as codified in Section 16-245n(d)(1) of the Connecticut General Statutes (C.G.S.), its board approved Resolution of Purposes and CEFIA's Comprehensive Plan.

Mr. Kirshbaum thanked staff for their work on developing the program and taking into consideration the comments offered by the Deployment Committee members.

Mr. Hundt left the meeting and Mr. Kirshbaum chaired the remainder of the meeting.

4. Approval of Meeting Minutes:

Mr. Kirshbaum asked the Deployment Committee members to consider the minutes from the May 11, 2012 meeting.

Upon a motion made by Ms. Wrice, seconded by Mr. Ranelli, the Deployment Committee members voted in favor of adopting the minutes from the May 11, 2012 meeting as presented (Mr. Hundt was not present for the vote).

5. Review and Approval of Onsite Distributed Generation RFP Proposals:

Mr. Garcia explained that the Comprehensive Plan includes funds for programs in transition, and staff recommends the final round of incentives for the On-Site Distributed Generation ("OSDG") "Best of Class" Program as CEFIA transitions to the ZREC and LREC Programs. The transition funding for the OSDG projects greater than 100kW to 250kW were approved in May 2012. Mr. Garcia stated that there will be some continued staff oversight for these projects.

Mr. Hedman stated that Request for Proposals issue date for funding for the OSDG Program was September 2011. Funding of $1,500,000 was provided for the OSDG projects less than or equal to 100 kW to complete the transition of the program. Mr. Hedman stated that a total of 22 projects were evaluated, and staff recommends funding for 10 solar PV projects and conditional recommendations for 2 additional projects. He reviewed the total recommended project costs, average costs and total recommended project incentives. Mr. Hedman stated that the recommended projects scored above 53 points out of 100. He discussed the evaluation criteria and weighting noting that the PV project economics were 40 percent of the total, deployment of the technology were 20 percent of the total, probability of completion and feasibility were 20 percent of the total, and public and unique ratepayer benefits were 20 percent of the total.

Mr. Hedman reviewed each of the proposed projects. He explained the difference between Standard Test Condition ("STC") and the PV USA Test Conditions ("PTC"), noting that the PTC takes into consideration the environmental conditions. Mr. Hedman stated that the projects were shown as STC because it is the more understood value. The Deployment Committee members asked staff to record the projects as PTC in order to show how the projects fall under 100 kWs. Mr. Hedman stated that two of the projects are outright purchases and not Power Purchase Agreements. He asked for guidance from the Deployment Committee with respect to Coventry Public Works Garage and Glastonbury Vehicle Maintenance Garage because both are seeking incentives over 50 percent of the total but scored very well. He noted that the Renewable Energy Certificate ("REC") prices for both are higher than the other projects being recommended. Mr. Hedman explained that the RECs are generated based on production for each megawatt hour of production. The REC price is now trading for approximately $35 to $50 a megawatt hour but has been as low as $9 per megawatt hour. Mr. Hedman and Mr. Garcia explained that CEFIA owns the RECs and can sell them or retire them. In response to a question, it was noted that the RECs are shown on CEFIA's balance sheet. The Deployment Committee members asked that Mr. Bellas clarify how the full 15 years of RECs are accounted for on CEFIA's balance sheet and whether a discount is taken. The Deployment Committee asked staff whether the approval of the Glastonbury and Coventry projects is the best use of the funding. Mr. Hedman reiterated that both projects are public facilities and scored well. He stated that staff recommends their approval. The Deployment Committee members noted some of the economic benefits of moving forward with all of these projects.

Mr. Ranelli mentioned that in order to avoid an appearance of a conflict of interest, he will be recusing himself on two of the proposals and asked that they be considered separately.

> **Upon a motion made by Mr. Ranelli, seconded by Ms. Wrice, the Deployment Committee members voted in favor of adopting the following resolution approving funding for projects under the On-Site Renewable Distributed Generation Program or other CEFIA installed capacity programs (Mr. Hundt was not present for the vote).**

RESOLVED

(1) that the Deployment Committee, a committee of the Board of Directors of the Clean Energy Finance and Investment Authority ("CEFIA"), has determined that the solar PV projected listed below ("Projects"), are consistent with the CEFIA Comprehensive Plan and in the interests of ratepayers, and that funding be approved for the Projects in an amount not to exceed as listed below and that said Grants are contingent upon sufficient funds being available to CEFIA for the purpose of funding renewable energy projects under CEFIA's On-Site Renewable Distributed Generation Program or other CEFIA installed capacity programs:

Project Name	**Address**	**City/Town**	**System Size (ptc)**	**Grant (not to exceed)**
South Kent School	40 Bulls Ridge Road	South Kent	91.2	$182,558
Evolution Sails	35 Campground Road	Old Mystic	18.8	$24,132
Unitarian Universalist Society East	153 Vernon Street West	Manchester	11.8	$28,832
Fox Hopyard Golf Course	1 Hopyard Road	East Haddam	22.3	$28,958
Tia May McCall/ Polywogs Child Development Center	417 Norwich Westerly Road, Lot 17	North Stonington	18.8	$22,208
AHM Youth and Family Services, Inc.	25 Pendleton Drive	Hebron	10.2	$28,104
Amity Teen Center	10 Selden Street	Woodbridge	11.0	$23,392
Farmington Woods District	Mallard Drive	Avon	25.4	$66,241
Lake Garda Elementary School	61 Monce Road	Burlington	68.3	$192,765
Coventry Public Works Garage	100 Olsen Farm Road	Coventry	68.6	$181,950

(2) That if sufficient funds are available to fund the Project(s), then the President of CEFIA and any other duly authorized officer of CEFIA, is authorized to execute and deliver for, and on behalf of CEFIA, not later than October 31, 2012 any contract or other legal instrument necessary to effect the Grant on such terms and conditions as he or she shall deem to be in the interest of CEFIA and the ratepayers. The authorized officer's approval thereof is hereby authorized to be conclusively evidenced by the execution and delivery of said legal instrument; and

(3) That the proper CEFIA officers are authorized and empowered to do all other acts and execute and deliver all other documents as they shall deem necessary and desirable to effect the above-mentioned legal instrument.

Mr. Kirshbaum asked the Deployment Committee members to consider the Common Ground—New Haven Ecology Project and Glastonbury Vehicle Maintenance Garage.

Upon a motion made by Ms. Wrice, seconded by Mr. Kirshbaum, the Deployment Committee members voted in favor of adopting the following resolution approving funding for Common Ground—New haven Ecology Project and Glastonbury Vehicle Maintenance Garage (Mr. Ranelli abstained from the vote and Mr. Hundt was not present for the vote).

(1) that the Deployment Committee, a committee of the Board of Directors of the Clean Energy Finance and Investment Authority ("CEFIA"), has determined that the solar PV projected listed below ("Projects"), are consistent with the CEFIA Comprehensive Plan and in the interests of ratepayers, and that funding be approved for the Projects in an amount not to exceed as listed below and that said Grants are contingent upon sufficient funds being available to CEFIA for the purpose of funding renewable energy projects under CEFIA's On-Site Renewable Distributed Generation Program or other CEFIA installed capacity programs:

Project Name	Address	City/Town	System Size (stc)	Grant (not to exceed)
Common Ground—New Haven Ecology Project	358 Springside Avenue	New Haven	67.7	$155,200
Glastonbury Vehicle Maintenance Garage	2155 Main Street	Glastonbury	65.1	$222,897

(2) That if sufficient funds are available to fund the Project(s), then the President of CEFIA and any other duly authorized officer of CEFIA, is authorized to execute

and deliver for, and on behalf of CEFIA, not later than October 31, 2012 any contract or other legal instrument necessary to effect the Grant on such terms and conditions as he or she shall deem to be in the interest of CEFIA and the ratepayers. The authorized officer's approval thereof is hereby authorized to be conclusively evidenced by the execution and delivery of said legal instrument; and

(3) That the proper CEFIA officers are authorized and empowered to do all other acts and execute and deliver all other documents as they shall deem necessary and desirable to effect the above-mentioned legal instrument.

Mr. Hedman explained that at the May 2, 2012 meeting, the Deployment Committee approved seven commercial solar PV projects 100 kW to 250 kW. The grant awards for six of the seven projects opted to sell the RECs generated by their systems to CEFIA. The additional grant amount for the purchase of the RECs was not included in the resolutions approving the grants for those projects. The additional grant amount for the purchase of the RECs for these systems is the net present value of RECs generated over fifteen years at $.01 per kWh for a total of $97,158 for all six projects. In response to a question, it was noted that there is sufficient funding for transitional programs and projects within the Comprehensive Plan.

Upon a motion made by Mr. Ranelli, seconded by Ms. Wrice, the Deployment Committee members voted unanimously in favor of adopting the following resolution approving the purchase of Renewable Energy Certificates for six of the commercial PV projects that were approved by the Deployment Committee in May 2012 VOTE: 3-0-0; motion carried:

RESOLVED

(1) that the Deployment Committee, a committee of the Board of Directors of the Clean Energy Finance and Investment Authority ("CEFIA"), has determined that the purchase of Renewable Energy Credits ("RECs") for the solar PV projects listed below ("Projects"), are consistent with the CEFIA Comprehensive Plan and in the interests of ratepayers, and that funding be approved in an amount not to exceed as listed below for the purchase of RECs generated by the Projects. Said Grants are contingent upon sufficient funds being available to CEFIA for the purpose of funding renewable energy projects under CEFIA's On-Site Renewable Distributed Generation Program or other CEFIA installed capacity programs:

Project	Additional Grant for RECs
Galleria Design Center	$18,638

Firestone Building Products	$9,653
Lake Gallard (RWA)	$22,918
RHAM School District No. 8	$13,844
Eagle Leasing Company	$11,515
John C. Mead School	$20,590
Total	$97,158

(2) That if sufficient funds are available to fund the purchase of RECs generated by the Projects, then the President of CEFIA and any other duly authorized officer of CEFIA, is authorized to execute and deliver for, and on behalf of CEFIA, not later than October 31, 2012 any contract or other legal instrument necessary to effect the Grant on such terms and conditions as he or she shall deem to be in the interest of CEFIA and the ratepayers, in conformance with the wishes of the CEFIA Board and in conformance with Section XI of the operating procedures of CEFIA. The authorized officer's approval thereof is hereby authorized to be conclusively evidenced by the execution and delivery of said legal instrument; and

(3) That the proper CEFIA officers are authorized and empowered to do all other acts and execute and deliver all other documents as they shall deem necessary and desirable to effect the above-mentioned legal instrument.

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6. Update on Solar Thermal Program:

Mr. Garcia provided an update on the Solar Thermal Program. Following the completion of American Recovery and Reinvestment ("ARRA") funding for the Solar Thermal Program, a competitive Request for Proposals process was issued to fund a transitional program. Mr. Garcia stated that costs are declining and there has been a 44 percent reduction from the ARRA-SEP program levels. There has also been a decrease in rebate levels per square foot and a decrease in the installed cost of the systems. Mr. Garcia stated that three more rounds will be completed by the end of the 2013 fiscal year and staff will continue to work to move away from subsidies and work towards a financing model. It was noted that the funding has been provided to approximately 270 residential homes and 50 businesses. Staff was acknowledged for their efforts.

7. **Adjournment**: Upon a motion made by Mr. Kirshbaum, seconded by Ms. Wrice, the Deployment Committee members voted unanimously in favor of adjourning the July 23, 2012 meeting at 4:30 p.m.

Respectfully submitted,

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Reed Hundt, Chairperson of the
Deployment Committee

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CLEAN ENERGY
FINANCE AND INVESTMENT AUTHORITY

Memo

To: Deployment Committee

From: Bryan Garcia, President and CEO
Bert Hunter, EVP/Chief Investment Officer

Date: August 17, 2012

Re: HUD Energy Innovation Fund – Multifamily Energy Loan Fund Pilot Program

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Proposal to issue a conditional commitment for up to a $2.0 million Loan Loss Reserve in Partnership with the Connecticut Housing Finance Authority (**CHFA**), the United States Department of Housing and Urban Development (**HUD**), WINN Development, LLC (**WINN**) and Local Initiatives Support Corporation (**LISC**) under HUD's Energy Innovation Fund to address barriers to retrofitting multifamily residential properties to be more energy efficient on a cost effective basis.

BACKGROUND
In October of 2011, WINN applied for a $5.25 million grant to HUD, with a letter of support from CEFIA, to pilot an innovative energy efficiency contract program designed to serve multifamily low income housing developments. In November of 2011, WINN was notified by HUD that they had been selected for an Energy Innovation Fund grant. The WINN proposal – Multifamily Energy Loan Fund – creates a loan fund which is intended to facilitate energy savings agreements (ESA) in the multifamily (40-300 units) housing market by making available debt capital to energy service companies (ESCOs) to finance energy efficiency projects in this underserved market.

HUD & CEFIA CREDIT ENHANCEMENT (LOAN LOSS RESERVE)
TO ATTRACT PRIVATE CAPITAL

The project would require up to $2.0 million in a loan loss reserve from CEFIA, as a second position after the HUD loan loss reserve funding, covering losses in the event a loan repayment defaults for projects in Connecticut. On July 12, 2012, CEFIA sought to improve Connecticut's position in the project by proposing that an original 65% loan loss reserve from CEFIA be reduced down to 25%, further leveraging private sector capital and reducing the overall risk to the state (see Table 1). CEFIA's loan loss reserve would now support up to $8.0 million in private sector investment in energy efficiency and renewable energy projects in Connecticut – approximately 1,200 units in the underserved multifamily housing market.

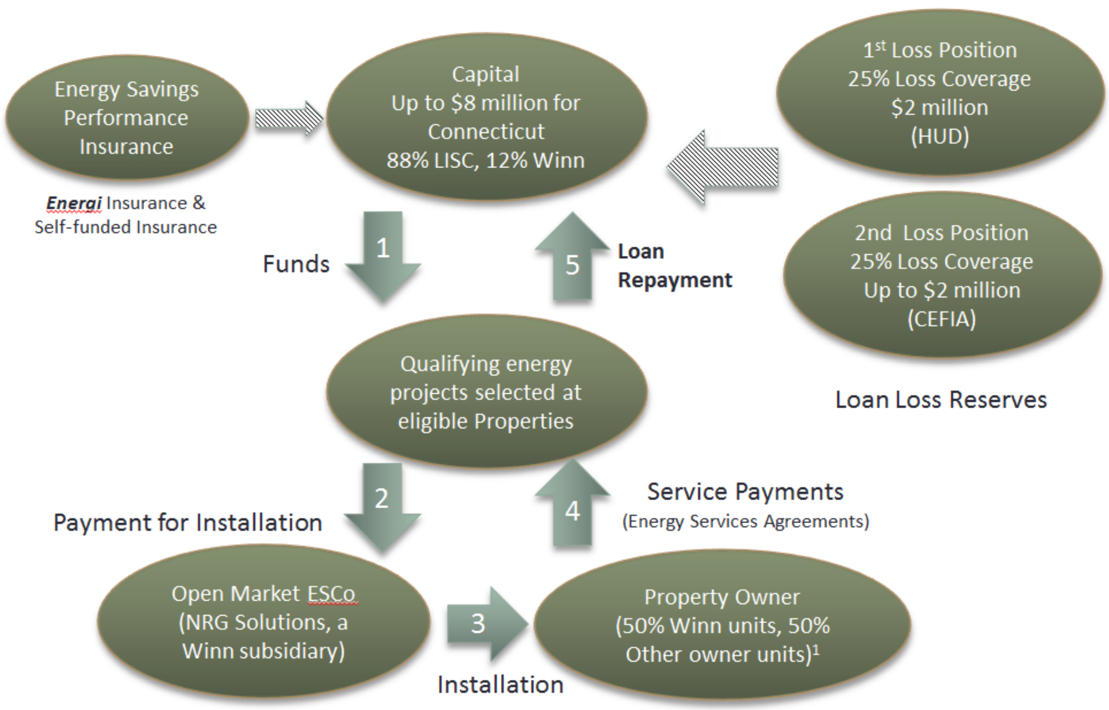
Table 1. Overview of CEFIA Loan Loss Reserve for the Multifamily Energy Loan Fund Pilot Program

Approx $8 million Loan Fund for Multi-Family Energy Efficiency Retrofits	**As Proposed by WINN/LISC**	**CEFIA Counter-Proposal**
1st Loss – HUD	25%	**25%**
2nd Loss – CEFIA (LOAN LOSS RESERVE)	65%	**25%**
Private Capital Risk – (WINN/LISC)	10%	**50%**

On August 8, 2012, following the close of business, CEFIA staff received e-mail notification that WINN/LISC had agreed to CEFIA's counter-proposal. At CEFIA's request, WINN and LISC have also agreed to use their reasonable best efforts to deploy at least 50% of the loan funds in the pilot (up to $4.0 million of the $8.0 million loan funds) for CHFA managed properties to which WINN/LISC agreed (see Figure 1).

The Work Plan (described later) anticipates a 24-month period, commencing on approximately January 1, 2013 and ending approximately December 31, 2014, for completion of the proposed activities, including selecting properties, identifying energy efficiency measures and completing installation.

Figure 1. Multifamily Energy Loan Fund Structure



[1] It is the intention of the Project Lenders to provide Project Loans to Projects in Connecticut in the aggregate original principal amount of at least $4,000,000; the Project Lenders (LISC & Winn Development) and NRG shall use their reasonable best efforts to achieve that outcome.

TIME URGENCY – END OF FEDERAL FISCAL YEAR & NEED FOR CONDITIONAL COMMITMENT LETTER

HUD advised CEFIA in writing on August 10, 2012 that grant awards for this program must be completed before the end of the government's fiscal year on September 30, 2012. In order to allow adequate time for internal HUD processes required prior to obligation and award, it is important that HUD receive all third party commitment letters by August 24, 2012 and in any event not later than August 31, 2012.

Accordingly, in order to preserve valuable loan fund benefits for improving energy efficiency for CHFA managed properties, CEFIA must issue a commitment letter to HUD, preferably by August 24, but not later than August 31. HUD has agreed with CEFIA in writing that CEFIA's commitment may be conditioned upon due diligence, satisfaction with lending/underwriting process, satisfactory documentation, and the Deployment Committee's approval of the final agreement. *Therefore, if CEFIA does not achieve satisfaction with the transaction in these fundamental respects, CEFIA is entitled to not proceed with the transaction*.

CEFIA staff is proposing that the Deployment Committee review and approve of a draft commitment letter with accompanying term sheet in respect of the transaction (enclosed with the Deployment Committee package) to be executed by CEFIA and filed with HUD. With these prospective funds, CEFIA would work with WINN and CHFA to identify suitable properties to deploy financing for energy efficiency and renewable energy projects in low income multifamily housing in Connecticut.

CHFA OPPORTUNITY

On August 2, 2012, Governor Malloy announced a $300 million 10-year affordable housing initiative through DECD and CHFA to strengthen communities through economic development.[1] Connecticut will fund preservation and revitalization efforts of more than 1,000 units of rental housing across the state. By working with CHFA, CEFIA can support the deployment of energy efficiency and renewable energy technologies in low income multifamily properties.

As an integral partner for this project, CHFA currently holds the paper on nearly 14,000 apartments (300 properties) that were financed by the State(see Table 1). These properties are owned primarily by housing authorities and are among the few housing options for Connecticut's lowest income residents.

Table 2. State Sponsored Portfolio as of 09/30/2011[2]

			Occupancy and Profile				
Family Type	Total No. of Properties	No. of Units	Occupied Units[3]	No. of Residents	No. of Children	Vacant Units	No. of Household on Waiting List
Elderly	209	7,683	7,073	7,638	7	320	4,767
Family	121	6,267	4,383	11,756	5,349	1,093	4,260
TOTAL	**330**	**13,950**	**11,456**	**19,394**	**5,356**	**1,413**	**9,027**

CHFA has also financed another 20,000 apartments (261 properties) through tax exempt and taxable mortgages, as well as Low Income Housing Tax Credits (see Table 2).

Table 3. CHFA-Financed Portfolio as of 09/30/2011[4]

			Occupancy and Profile				
Family Type	Total No. of Properties	No. of Units	Occupied Units[5]	No. of Residents	No. of Children	Vacant Units	No. of Household on Waiting List
Assisted Living	4	226	215	221	0	11	64
Elderly	99	9,246	8,994	10,270	238	252	5,035
Family	120	9,798	8,805	18,341	6,245	993	5,099
Supportive Housing	38	1,018	921	1,438	390	97	1,803
TOTAL	**261**	**20,288**	**18,935**	**30,270**	**6,873**	**1,353**	**12,001**

Of these CHFA properties, almost 8,000 units may be eligible for the HUD Energy Innovation Fund and the Multifamily Energy Loan Fund Pilot Program. Of these, 9 properties (750 units) are heated by

[1] Governor Malloy Announces Funding for Affordable Housing, Lays Out Overall Agenda (August 2, 2012).
[2] Source: 8-37bb Legislative Report
[3] Data reflects a reporting rate of 97% for elderly and 75% for family properties
[4] Source: 8-37bb Legislative Report
Occupancy: 12 developments did not report
Waiting List: 19 developments did not report
[5] Data reflects a reporting rate of 97% for elderly and 75% for family properties

electricity, 61 properties (5,499 units) are heated with natural gas, and 20 properties (1,482 units) are heated with oil.

CEFIA would work with CHFA to identify suitable locations for ESA's through the Multifamily Energy Loan Fund Pilot Program.

CEFIA OPPORTUNITY

Despite the recent urgency by HUD and WINN for a commitment letter from CEFIA, CEFIA continues to view this project as an opportunity to attract private capital investment into Connecticut to support the state's clean energy policy goals, including:

- **Equitable Distribution of Funds** – per Section 101 of PA 11-80, DEEP produced a report[6] to the Joint Legislative Committee on Energy and Technology that analyzed the historical funds allocated by CEEF and CEFIA[7] to economically disadvantaged communities.[8] The report finds that "CEFIA funds were not equitably distributed to economically disadvantaged communities in 2010. DEEP expects that CEFIA may face particular difficulty in promoting renewable energy program applications in distressed areas due to the difficulty of installing clean energy projects in multi-family structures with limited lot sizes and high density neighborhoods." This multifamily energy loan fund pilot program represents a unique opportunity for CEFIA to equitably distribute funds to economically disadvantaged communities.

- **Financial Innovation in the Low Income Sector** – through HUD's Energy Innovation Fund and the Multifamily Energy Loan Fund established by this project, the use of ESAs and PPAs in the near-term in combination with tax exempt bond financing over the long-term will support the wide-scale deployment of energy efficient and renewable energy technologies in the low income multifamily sector. CEFIA's FY 2013 budget and comprehensive plan included a $2.5 million allocation for a credit enhancement to support this project – if CEFIA moves forward, we would fund no more than $2.0 million to attract up to $8.0 million in private sector financing.

- **Access to Performance Data** – Participation in the project will not only enable CEFIA to attract capital for deployment to energy efficiency measures for low-to-moderate multifamily housing properties, but CEFIA will gain access to valuable performance data that can be used in future projects to demonstrate the efficacy of such investments.

ASSESSMENT OF RISK

The purpose of the Multifamily Energy Pilot is to stimulate innovative financial approaches for increasing the energy efficiency of existing multifamily residential properties that can be replicated by others. The approach developed by Winn, using its NRG Solutions, LLC company, is well thought through, and combines the following important structural elements:

1. **Financially strong partners with significant and extensive experience in the low and moderate multifamily housing market**.
    a. **WinnCompanies** – From its beginnings in 1971 with the development of a 250-unit apartment building, Winn has grown into a nationally recognized owner, developer, and manager of real estate. With headquarters in Boston, and regional offices in

[6] Report to the Joint Legislative Committee on Energy and Technology by the Bureau of Energy and Technology Policy of the Department of Energy and Environmental Protection (July 9, 2012) *Regarding the Equitable Distribution of Conservation and Renewable Energy Funds in Connecticut.*
[7] The report analyzed data from the year 2010. CEFIA was created on July 1, 2011. Therefore, the findings of the report are a result of the programs and initiatives of the Connecticut Clean Energy Fund (CCEF), CEFIA's predecessor.
[8] Economically disadvantaged communities were identified by the Department of Economic and Community Development through its annual designation of the "Top 25" distressed municipalities.

Hartford, Fresno, Nashville, New York, and Hawaii, Winn's' portfolio of properties extend from New England to the West Coast and from the southeast to the northeast.

i. WinnResidential managers are responsible for the implementation of budgets, staffing, annual audits, and the collection and distribution of revenue of over $200 million per year.

ii. WinnDevelopment has developed over eighty projects in ten states with a value in excess of one and a half billion dollars. Included in the portfolio are garden apartments, high-rise apartments, office buildings, retail, restaurant, hotel, and ancillary parking garage facilities. WinnDevelopment enjoys a national reputation for sensitive renovation and adaptive re-use of historic buildings, with numerous properties listed on the National Register of Historic Places. Its first hotel project, The Bostonian Hotel at Faneuil Hall Marketplace, is an internationally recognized luxury hotel. Examples of commercial and office development are One Brookline Place, a thirty million dollar development combining old and new construction in Brookline, MA, and featuring a mixed use development of medical office and retail activity. WinnDevelopment's core focuses include the acquisition of troubled multifamily properties and the updating of them to overcome difficult market conditions; as well as the acquisition and sensitive adaptive re-use of dilapidated historic structures into vibrant living communities. By using innovative government subsidy mechanisms and implementing superior management practices, these ventures are nurtured to successful operation. In more recent years, Winn has stayed especially attuned to improving energy and water efficiency and producing its own electricity from solar technologies in its housing developments. Through comprehensive energy audits, building envelope and HVAC upgrades have been implemented at various Winn developments. Winn has implemented a policy of using Energy Star lighting and appliances at all of its new renovation projects and has begun upgrading its older developments. In addition, Winn is piloting an effort to transition to low-water, low-maintenance landscaping at its sites. In 2008, Winn became a national leader in the use of renewable energy for affordable housing having installed one megawatt of solar power, likely the largest renewable energy portfolio in the affordable housing industry. Recently, Winn completed the largest 'Deep Energy Retrofit' of an existing affordable housing development in the nation. In addition, Winn's Oliver Lofts is the first historic mid-rise building in Boston, and one of only two in the entire country, to achieve LEED Platinum certification after being converted into mixed-income housing.

iii. A private enterprise, Winn's corporate profile and financial statements are electronically attached.

b. **Local Initiatives Support Corporation (LISC)**. Founded in 1979 as a 501(c)3 entity, LISC is dedicated to helping community residents transform distressed neighborhoods into healthy and sustainable communities of choice and opportunity —good places to work, do business and raise children. LISC mobilizes corporate, government and philanthropic support to provide local community development organizations with:

i. loans, grants and equity investments
ii. local, statewide and national policy support
iii. technical and management assistance

LISC is a national organization with a community focus. Its program staff are based in every city and many of the rural areas where LISC-supported community development takes shape. In collaboration with local community development groups, LISC staff help identify priorities and challenges, delivering the most appropriate support to meet local needs.

In 2011, LISC invested $1.1 Billion which leveraged $2.6 Billion in total development, resulting in 14,270 affordable homes and apartments, 3 million square feet of retail and community space, 14 schools financed for 6,500 students, 10 child care facilities supported for 1,305 children and 13 playing fields renovated for 39,000 children.

Since 1980, LISC has invested $12 Billion which leveraged $33.9 Billion in total development, resulting in 289,000 affordable homes and apartments, 46 million square feet of retail and community space, 153 schools financed for 56,700 students, 174 child care facilities supported for 18,900 children and 254 playing fields renovated for 460,000 children.

Since 1999, former US Treasury Secretary Robert E Rubin has served as Chairman of LISC and Michael Rubinger as its President. As of March 31, 2012, LISC had $185 Million in cash and non-loan investments (mostly US government and corporate securities) and $190 million in net assets.

2. **Well-designed & thorough "HUD Approved" Work Plan & Project Selection Process**

NRG Solutions ("NRG"), an affiliate of Winn, has in cooperation with HUD developed a well-designed and thorough "Work Plan" which has been tentatively approved by HUD (approval is a multi-step process). The Work Plan reflects appropriate milestones and deadlines for each aspect of NRG's program design, and an appropriate overall completion deadline considering the number and type of work items, property location, regional weather, and whether NRG will self-manage the activity or engage sub-contractors to assist. NRG is working with Brightpower Inc., its technical advisor and consultant, to develop technical standards, protocols and support to enable it to: benchmark utility data for eligible properties, conduct energy audits, design project specifications for selected measures, procure equipment and installation services, ensure systems are commissioned, establish operations and maintenance protocols and responsibilities, and measure and verify energy savings. NRG will rely on third party consultants (like Bright Power Inc.) for many of the technical aspects, while also developing certain in-house capacity.

Technical services and protocols will be reviewed by Energi Insurance Services, Inc. as needed and mutually agreed upon by NRG and LISC. Process and protocols will be integrated into underwriting requirements to establish an energy savings warranty for each executed project.

Robust underwriting criteria will be developed for properties and projects. The goal is to balance the need to minimize lender risks while also enabling various properties to participate. LISC and NRG will define acceptable property debt coverage ratios, historic financial thresholds, property management history, and other criteria. Different project types (weatherization, solar PV, cogen, etc.) may have different financing criteria. Underwriting criteria will be integrated throughout the process to qualify specific properties and projects.

NRG and LISC will create process flow for financing transactions, ensuring internal protocols are upheld and facilitating program compliance. This process flow will determine who and what needs to be included at various stages of project development, review, and approval. Each potential project will be reviewed against program compliance and underwriting checklist.

NRG will work closely with the applicable energy insurance mechanism to develop a workflow process to facilitate Energi's review and approval of projects. At appropriate stages in design development and contract preparation, the energy insurance provider will receive information for review. NRG will also create ongoing reporting related to: operations and maintenance, measurement and verification, named insureds, etc., to satisfy Energi policy.

Potential properties will undergo a thorough screening process. Properties that meet minimum program thresholds will be asked to provide more detailed energy usage and cost information. NRG and technical consultants will define a specific energy audit trigger tool to determine potential energy savings using basic property characteristics, such as energy costs per year, square footage, utility company, and age of building. Recent capital needs assessments (if available) will be reviewed and NRG will conduct interviews and/or preliminary site visits with building personnel. The results of this activity will be a working list of properties that show good promise for energy savings projects, and a general scope of work to be considered. Using this working list, NRG will create a "Preliminary Audit Report" defining the potential opportunities for each eligible property after that property has been successfully screened and demonstrates adequate potential for savings. The report will summarize the likely scope of work, estimated energy savings, and define the financing available.

At the discretion of NRG, a prequalified engineering firm(s) will be selected for each potential project. Engineer shall visit each potential property, review energy consumption history, and in collaboration with NRG, develop a detailed proposal to provide an investment grade energy audit (IGA). Proposals will qualify preliminary scope of work and finalize IGA pricing if needed. The projects will be reviewed by stakeholders (NRG, LISC, Property Owner, HUD, energy insurance provider (if applicable), CEFIA and other interested parties) to facilitate approval of proposed scope of work. A preliminary underwriting model will be established for each property and/or project. Using final pricing from selected contractor and any modification to energy savings, the scope of work will be finalized. Final design and scope of work will be submitted to Energi for final underwriting for an Energy Services Warranty, if applicable. Final SOW and energy savings will also be submitted to LISC for final underwriting. The engineer will establish commissioning requirements based on final design.

3. **Experienced Technical Advisor**
   Bright Power Inc. (Bright Power). Since 2004, Bright Power has been a leading provider of renewable energy, energy efficiency and green buildings solutions for multifamily, commercial and industrial buildings. Its clients include building owners, management companies, developers, contractors, architects, governments and utility companies. Bright Power's services include: energy benchmarking including its proprietary software, energy audits, financial and technical feasibility analysis, energy management, grant & rebate assistance, green building (LEED®) consulting and trainings for professionals and building managers. Its design and installation services include: solar electricity and solar thermal systems, heating, cooling & HVAC systems, lighting systems, construction management and commissioning.

4. **Oversight by HUD**
   In addition to project stakeholder meetings including HUD, NRG will report to HUD quarterly, within 30 days of the end of a calendar quarter. Quarterly report will include a reporting on:
   a. The status of the milestones in the Work Plan, comparing the schedules for milestone completion and expenditures to actual activity.
   b. The dollar amount of funds expended to date, the amount of sub-awards made, and the amount of funds remaining. The report must provide information for total amount expended; federal and non-federal. NRG will submit an expanded and updated report of Sources and Uses to include this information.
   c. Program Income as per applicable program income rules as stated in the terms and conditions of the grant agreement.

   HUD is interested in understanding and reporting on the effects of the grant activities on the macro level. Therefore, NRG will also report on:
   a. The number of units and the number of properties benefiting from the grant award.
   b. The energy consumption and costs prior to retrofit in properties receiving energy retrofits.
   c. Specific retrofit or energy efficiency measures being applied.
   d. Estimated and actual costs of the retrofits or energy efficiency measures.
   e. Energy consumption reductions anticipated and, when completed, as achieved after project retrofits.
   f. Financial savings from improved energy efficiency for the property and for residents.
   g. Financial structures utilized to finance energy improvements and the associated transaction costs.

CONCLUSION & RECOMMENDATION

CEFIA staff has reviewed the Work Plan, completed due diligence on the Program Partners, had extensive discussions with NRG, Winn and LISC officials, several in-depth conversations with the HUD Program Officers in charge of the grant for NRG, and discussed the proposed Program with CHFA's President and its Chief Housing Officer, who have both endorsed the program (letter of support attached). While there is risk that actual energy savings may be less than anticipated, CEFIA takes comfort in the strength of the Program Partners, the well-designed work plan, the technical advisor – Bright Power Inc., reviews by engineers using investment grade audits, reviews by 3rd party performance insurance providers, lender review and oversight by HUD. In addition, there is the potential for considerable benefits for approximately 1,500 units of CHFA managed properties. Altogether, the risks are considered reasonable and balanced amongst the participating stakeholders: HUD, Winn, LISC and CEFIA.

Accordingly, the President and CEO as well as the EVP and Chief Investment Officer recommend to the Deployment Committee its affirmative vote in favor of the following resolution:

RESOLUTION

WHEREAS, NRG Solutions LLC, an affiliate of WinnCompanies ("Winn"), with a letter of support from the Clean Energy Finance and Investment Authority (CEFIA), was awarded an Energy Innovation Fund grant in the amount of $5.25 million from the U.S. Department of Housing and Urban Development ("HUD") in support of the establishment of a Multifamily Energy Loan Fund Pilot Program;

WHEREAS, the Board of Directors of CEFIA approved of a budget allocation through its strategic plan that included credit enhancement funds for a loan loss reserve to support a public-private partnership for the low income multifamily market segment;

WHEREAS, the Connecticut Housing and Finance Authority and the Connecticut Department of Economic Development have recently announced a $300 million 10-year affordable housing initiative to strengthen communities through economic development, and CEFIA can support energy improvements for these efforts by attracting private capital for the deployment of energy efficiency and renewable energy technologies in these properties; and

WHEREAS, per Section 101 of Public Act 11-80 the Connecticut Department of Energy and Environmental Protection filed a report to the Joint Legislative Committee on Energy and Technology regarding the equitable distribution of conservation and renewable energy funds in Connecticut that found that CEFIA funds were not equitably distributed to economically disadvantaged communities in 2010.

NOW, therefore be it:

RESOLVED, the Deployment Committee approves of the execution and filing of a conditional commitment letter to HUD for the Multifamily Energy Loan Fund Pilot Program as set forth in the attached Exhibit A;

RESOLVED, the Deployment Committee requests that the CEFIA staff present the final definitive terms and conditions of the Multifamily Energy Loan Fund Pilot Program for approval;

RESOLVED, that this Board action is consistent with CEFIA's Comprehensive Plan and Section 5.3.3 of CEFIA's Bylaws; and

RESOLVED, that the proper CEFIA officers are authorized and empowered to do all other acts and execute and deliver all other documents as they shall deem necessary and desirable to effect this Resolution.

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CLEAN ENERGY
FINANCE AND INVESTMENT AUTHORITY

August ___, 2012

WinnCompanies
6 Faneuil Hall Marketplace
Boston, MA 02109
Attention: Darien Crimmin, Vice President of Energy and Sustainability

RE: Energy Innovation Fund for Multifamily Energy Pilot

Dear Mr. Crimmin,

WinnCompanies ("Winn") and its affiliate NRG Solutions, LLC ("NRG" and together with Winn, "you") have advised the Clean Energy Finance and Investment Authority ("CEFIA") that, pursuant to NRG's submission of a grant application, NRG has been preliminarily selected by the Department of Housing and Urban Development ("HUD") to receive a federal grant (the "Grant") in an aggregate amount of $5,250,000 pursuant to the Energy Innovation Fund-Multifamily Pilot Program of the Consolidated Appropriations Act of 2010, P.L. 111-117. You have further advised CEFIA that NRG intends to enter into a Cooperative Agreement between NRG and HUD substantially in the form of Exhibit A (the "Cooperative Agreement").

In connection with the foregoing, CEFIA is pleased to advise you of its commitment to provide credit enhancement in the form of loan loss reserve to NRG (the "Loan Loss Reserve") in an aggregate amount of up to $2,000,000, subject to: (a) NRG's receipt of the Grant funds; (b) NRG's continuing material compliance with the Cooperative Agreement; (c) the review and approval by CEFIA's Deployment Committee pursuant to Section 5.3.3 of CEFIA's Bylaws of the final overall arrangements; (d) CEFIA's completion of a reasonable due diligence review of you; and (e) execution of definitive transaction documentation based on the term sheet between CEFIA and you substantially in the form of Exhibit B. Upon satisfaction of the above conditions, CEFIA will provide the Loan Loss Reserve pursuant to the mutually agreed transaction documentation. The proceeds of the Loan Loss Reserve shall be used in accordance with the terms of the Cooperative Agreement.

CEFIA certifies that it has the power and authority to execute and deliver this commitment letter and provide the Loan Loss Reserve, subject to the terms and conditions outlined in this commitment letter.

Sincerely,

Clean Energy Finance and Investment Authority

By:______________________________ Date:_______

[Insert name and title]