



CLEAN ENERGY
FINANCE AND INVESTMENT AUTHORITY

845 Brook Street
Rocky Hill, Connecticut 06067

300 Main Street, 4th Floor
Stamford, Connecticut 06901

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February 24, 2015

Dear Connecticut Green Bank Deployment Committee Members:

We are holding a regularly scheduled meeting of the Deployment Committee on Tuesday, March 3, 2015 **from 2:00 to 3:00 p.m.** in the Colonel Albert Pope Board Room of the Connecticut Green Bank at 845 Brook Street, Rocky Hill, CT 06067.

We will be covering the following items:

- **C-PACE** – we have a comprehensive energy improvement project in Hamden in the amount of \$3.5 million. Given that this is above the \$2.5 million approval authority of the Deployment Committee we are requesting your review of the proposal and subsequent recommendation for the full Board of Directors to approve of the project at the April 17, 2015 regular meeting. We are also going to report out on two delinquent C-PACE transactions with workout solutions to bring both properties current.
- **CHP** – through our Combined Heat and Power pilot program, we are bringing forth a loan in the amount of \$502,860 to support a micro grid project at a town hall, community center, and police station in Bridgeport. The \$3.4 million project will support the City of Bridgeport in entering into a 20 year energy services agreement for power and steam at a levelized cost nominally \$0.0256/kWh higher than their current costs, however, if virtual net metering is allowed than levelized costs to the City could be less than their current cost of \$0.155/kWh.
- **Under \$300,000 per Transactions and No More in Aggregate than \$1,000,000** – per our discussions at the last Deployment Committee meeting, we will be bringing forth a recommendation to modify the under \$300,000 per transaction and no more in aggregate than \$1,000,000 policy. We are still working on several options and a recommendation. We will provide you with some background documentation by the end of the week.
- **Other Business** – per our discussions at the last Deployment Committee meeting, we plan on providing an overview of the C-PACE feasibility loan program.

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

We look forward to speaking with you then.

Sincerely,

Bryan T. Garcia
President and CEO



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AGENDA

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

Tuesday, March 3, 2015
Regular Meeting
2:00-3:00 p.m.

Staff Invited: Mackey Dykes, Brian Farnen, Bryan Garcia, Dale Hedman, Bert Hunter, Rick Ross, and Genevieve Sherman

1. Call to order
2. Public Comments – 5 minutes
3. Approval of meeting minutes for February 10, 2015* – 5 minutes
4. Commercial and Industrial Sector Program Updates and Recommendations* – 30 minutes
 - a. C-PACE Transaction*
 - i. Hamden – C-PACE Transaction*
 - ii. Report Out on Delinquent C-PACE Transactions and Timeliness Reserves
5. Statutory and Infrastructure Sector Program Updates and Recommendations* – 15 minutes
 - a. CHP Transaction*
 - i. Bridgeport – CHP and Micro Grid Project*
6. Update on Funding Requests Under \$300,000 and No More in Aggregate of \$1,000,000 – 5 minutes
7. Other Business
8. Adjourn

*Denotes item requiring Board action

Join the meeting online at <https://www4.gotomeeting.com/join/456369263>

Dial +1 (805) 309-0033

Access Code: 456-369-263

***Next Regular Meeting: Tuesday, May 14, 2015 from 3:00-4:00 p.m.
Colonel Albert Pope Board Room at the
Connecticut Green Bank, 845 Brook Street, Rocky Hill, CT***



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RESOLUTIONS

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

Tuesday, March 3, 2015
Regular Meeting
2:00-3:00 p.m.

Staff Invited: Mackey Dykes, Brian Farnen, Bryan Garcia, Dale Hedman, Bert Hunter, Rick Ross, and Genevieve Sherman

1. Call to order
2. Public Comments – 5 minutes
3. Approval of meeting minutes for February 10, 2015* – 5 minutes

Resolution #1

Motion to approve the minutes of the Deployment Committee for February 10, 2015 Special Meeting.

4. Commercial and Industrial Sector Program Updates and Recommendations* – 30 minutes
 - a. C-PACE Transaction*
 - i. Hamden – C-PACE Transaction*

Resolution #2

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

WHEREAS, the Green Bank Board of Directors (the “Board”) has approved a \$40,000,000 C-PACE construction and term loan program;

WHEREAS, the Green Bank seeks to provide a \$3,553,938 construction and (potentially) term loan under the C-PACE program to Twenty Three Nineteen Hamden Center, LLC, the building owner of 2319 Whitney Avenue, Hamden, Connecticut (the "Loan"), to finance the construction of specified clean energy measures in line with the State's Comprehensive Energy Strategy and the Green Bank's Strategic Plan; and

WHEREAS, the Green Bank may also provide a short-term unsecured loan (the "Feasibility Study Loan") from a portion of the Loan amount, to finance the feasibility study or energy audit required by the C-PACE authorizing statute, and such Feasibility Study Loan would become part of the Loan and be repaid to the Green Bank upon the execution of the Loan documents.

NOW, therefore be it:

RESOLVED, that the Deployment Committee recommend that the Board of Directors authorize the President of the Green Bank and any other duly authorized officer of the Green Bank, to execute and deliver the Loan and, if applicable, a Feasibility Study Loan in an amount not to be greater than one hundred ten percent of the Loan amount with terms and conditions consistent with the memorandum submitted to the Deployment Committee dated February 24, 2015, and as he or she shall deem to be in the interests of the Green Bank and the ratepayers no later than 120 days from the date of authorization by the Board of Directors; and

RESOLVED, that before executing the Loan, the President of the Green Bank and any other duly authorized officer of the Green Bank shall receive confirmation that the C-PACE transaction meets the statutory obligations of the Act, including but not limited to the savings to investment ratio and lender consent requirements, and that the lease on the property does not impact the Green Bank's ability to foreclose on the building.

- ii. Report Out on Delinquent C-PACE Transactions and Timeliness Reserves
5. Statutory and Infrastructure Sector Program Updates and Recommendations* – 15 minutes
- a. CHP Transaction*
 - i. Bridgeport – CHP and Micro Grid Project*

Resolution #3

WHEREAS, this microgrid project meets the requirements of the statutorily mandated Combined Heat and Power (CHP) Pilot program set forth under Public Act 11-80, Section 103, which is administered by the Connecticut Green Bank (Green Bank); and

WHEREAS, this microgrid project is consistent with the Green Bank's approved Fiscal Year 2015 budget and Comprehensive Plan.

NOW, therefore be it:

RESOLVED, that the President of the Green Bank and any other duly authorized officer of the Green Bank, is authorized to execute and deliver a sub-debt loan in the amount of \$502,860, to be funded from the CHP Pilot program budget, and with terms and conditions consistent with the memorandum and term sheet submitted to the Deployment Committee dated February 23, 2015; and

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

6. Update on Funding Requests Under \$300,000 and No More in Aggregate of \$1,000,000 – 5 minutes
7. Other Business
8. Adjourn

*Denotes item requiring Board action

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***Next Regular Meeting: Tuesday, May 14, 2015 from 3:00-4:00 p.m.
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Deployment Committee of the Connecticut Green Bank

Agenda Item #4

Commercial and Industrial Sector Programs

March 3, 2015

2319 Whitney Ave (Hamden)

Ratepayer Payback



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\$3,553,938 to install 370kW solar PV system, HVAC system, Lighting
Projected savings are **123,809 MMBtu** versus **\$3,553,938** of ratepayer funds at risk.

PHOTO REDACTED

Ratepayer funds will be paid back in one of the following ways

- (a) through a take-out by a private capital provider at the end of construction (project completion);
- (b) subsequently, when the loan is sold down to a private capital provider;
or
- (c) through receipt of funds from the City of Hamden as it collects the C-PACE benefit assessment from the property owner.

2319 Whitney Ave (Hamden)

Terms and Conditions



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\$3,553,938 construction loan at 5% and term loan set at a fixed 6% over the 20-year term

\$3,553,938 loan against the property

Property valued at **REDACTED**

Loan-to-value ratio equals **REDACTED**; Lien-to-value ratio equals **REDACTED**

DSCR > **REDACTED**

2319 Whitney Ave (Hamden)

The Five W's



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What? Receive approval for a **\$3,553,938** construction and (potentially) term loan under the C-PACE program to **Twenty Three Nineteen Hamden CENTER I, LLC** to finance the construction of specified energy upgrade

When? Project to commence 2015

Why? Allow Green Bank to finance this C-PACE transaction, continue to build momentum in the market, and potentially provide term financing for this project until Green Bank sells it along with its other loan positions in C-PACE transactions.

Who? Twenty Three Nineteen Hamden CENTER I, LLC, the property owner of 2319 Whitney Ave, Hamden

Where? 2319 Whitney Ave, Hamden CT



REDACTED

Anticipated Green Bank cash flow



CEFIA Pro-Forma

<i>Project Basics</i>		<i>Cash Flows</i>	
		<u>Date</u>	<u>CEFIA \$</u>
Amount Financed	\$3,553,938	Mar 2015	\$3,553,938
Construction Period (years)	0.50	Aug 2015	\$88,848
Term (years)	20	Jan 2016	\$307,504
Construction Financing Rate	5.00%	Jan 2017	\$307,504
Term Financing Rate	6.00%	Jan 2018	\$307,504
		Jan 2019	\$307,504
Construction Interest Payment (bullet)	\$88,848	Jan 2020	\$307,504
Yearly Debt Service Payments (made semi-annually)	\$307,504	Jan 2021	\$307,504
		Jan 2022	\$307,504
		Jan 2023	\$307,504
		Jan 2024	\$307,504
		Jan 2025	\$307,504
		Jan 2026	\$307,504
		Jan 2027	\$307,504
		Jan 2028	\$307,504
		Jan 2029	\$307,504
		Jan 2030	\$307,504
		Jan 2031	\$307,504
		Jan 2032	\$307,504
		Jan 2033	\$307,504
		Jan 2034	\$307,504
		Jan 2035	\$307,504



REDACTED

**DEPLOYMENT COMMITTEE OF THE
CONNECTICUT GREEN BANK**
Draft Minutes – Regular Meeting
Tuesday, February 10, 2015

A regular meeting of the Deployment Committee of the Board of Directors of the **Connecticut Green Bank** was held on February 10, 2015, at the office of the Green Bank, 845 Brook Street, Rocky Hill, CT.

1. **Call to Order:** Mr. Hundt (by phone) noting the presence of a quorum, called the Deployment Committee meeting to order at 4:01 p.m. Deployment Committee members participating: Patricia Wrice (by phone), Matthew Ranelli (by phone) and Bettina Ferguson (by phone).

Staff Attending: Bryan Garcia, Madeline Priest, Genevieve Sherman, Dale Hedman, Cheryl Samuels and Brian Farnen (by phone)

2. **Public Comments:**

There were no public comments.

3. **Approval of meeting minutes for November 14, 2014, November 21, 2014, and December 19, 2014:**

The Deployment Committee members were asked to consider the minutes from the November 14, 2014, November 21, 2014, and December 19, 2014 meetings.

Upon a motion made by Ms. Ferguson, seconded by Ms. Wrice, Deployment Committee Meeting Committee members voted in favor of adopting the minutes from the November 14, 2014, November 21, 2014, and December 19, 2014 meetings as presented, unanimously.

4. **Update on Funding Requests Under \$300,000 and No More in Aggregate of \$1,000,000:**

Mr. Garcia highlighted two CPACE projects, the Messiah Baptist and the Copperwood Grill.

Mr. Ranelli asked if when the possible construction loan of \$30,000 gets rolled into CPACE, what is the security on that loan if the project does not move forward.

Ms. Sherman answered that the Green Bank staff incorporated a resolution per the board's request to reduce the number of resolutions per project. Staff includes the bridge loan with the understanding that it might exist. This allows staff to go to the

board all at once. The Green Bank staff also does a staff approval for just the feasibility study, then that ends up as a personal loan without the same collateral interests.

Mr. Ranelli asked if the personal loan was to the individual or to the business entity.

Ms. Sherman replied that the loan is to the owner of property, not the contractor or business.

Mr. Ranelli then asked Ms. Sherman to report back to the committee on outlining the original loan document, and how much these estimated loans add up to in aggregate over course of year.

Mr. Hundt pointed out that any personal loan should be thought about carefully. He thanked Mr. Ranelli for pointing out and asked Ms. Sherman to come back to the committee at a later meeting with the necessary documents.

Ms. Sherman agreed and also reminded the committee that the way this loan was set up with the board last year was to set limits programmatically to not exceed certain amount at any given time – no more than \$30,000 per loan, and no more outstanding than \$300,000 in total feasibility loans at any given time.

Ms. Ferguson noted that neither property in discussion has a mortgage. She asked if there was ever an instance when that is not good.

Ms. Sherman stated that from their perspective, it is great when there is no mortgage. This frees up equity for the project. The one downside in not having a mortgage is that the property has not been analyzed by another commercial bank recently. While it can be a risk, it tends to even out.

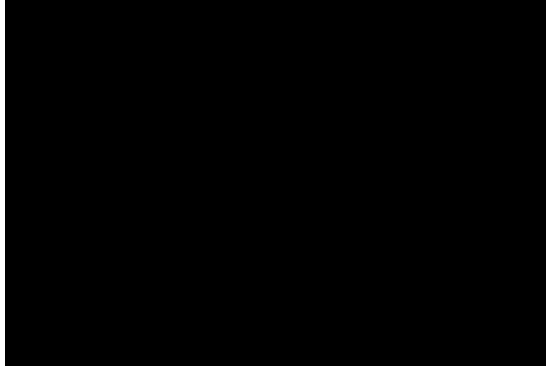
Mr. Hundt indicated that he has asked Mr. Garcia and Ms. Sherman to take another look to change the definition of what comes to committee for approval, and if it could be coupled with other meetings to be more efficient with committee members time considering there was no motion was required during this meeting.

Attorney Farnen said that one way to address this is to raise the current total cumulative dollar amount of \$1,000,000 for the staff authorization between Deployment Meetings.

5. Adjournment: Upon a motion made by Ms. Ferguson, seconded by Mr. Ranelli the Deployment Committee members voted unanimously in favor of adjourning the meeting at 4:13 p.m.

Respectfully submitted,

Reed Hundt, Chairperson of the
Deployment Committee



One Hamden Center: A C-PACE Project in Hamden, CT

Address	2319 Whitney Avenue, Hamden, CT			
Owner	Twenty Three Nineteen Hamden CENTER I, LLC			
Proposed Assessment	\$3,553,938			
Term (years)	20			
Term Remaining (months)	Pending Construction Completion			
Annual Interest Rate	6%			
Annual C-PACE Assessment	\$307,504			
Savings-to-Investment Ratio	1.01			
Average Debt-Service Coverage Ratio	[REDACTED]			
Loan to Value	[REDACTED]			
Lien-to-Value Ratio	[REDACTED]			
Estimated Energy Savings and/or Production (MMBtu)		RE	EE	Total
	Per year	1,439	5,310	6,749
	Over EUL	32,841	90,248	123,809
Estimated Cost Savings	Per year	\$78,040	\$232,280	\$310,320
	Over loan	\$1,560,796	\$4,645,595	\$6,206,391
Objective Function	30.7 kBTU saved per ratepayer dollar at risk			
Location	Town of Hamden			
Type of Building	Office - Large (>50,000 sqft)			
Year of Build	1985			
Building Size (total sf)	114,524			
Year Acquired by Current Owner	1995			
Appraised Value	[REDACTED]			
Status of Mortgage Lender Consent	In Process			
Proposed Project Description	<ul style="list-style-type: none"> - HVAC and EMS installation and upgrading - Lighting upgrades - Installation of 370kW PV system - Envelope upgrades 			
Current Status	Pending Board of Directors Approval			
Energy Contractors	[REDACTED]			
Additional Comments	[REDACTED]			



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Memo

To: Connecticut Green Bank ("Green Bank") Deployment Committee

From: Ben Healey, Assistant Director, Clean Energy Finance

CC: Bryan Garcia, President and CEO; Bert Hunter, EVP and CIO; Mackey Dykes, Chief Operating Officer; Brian Farnen, General Counsel and CLO; George Bellas, VP of Admin and Finance; Genevieve Sherman, Acting Director of Commercial and Industrial Programs

Date: February 24, 2015

Re: Report re: Proposed Modification of Loans to C-PACE Borrowers –
[REDACTED]

Background

Two C-PACE Benefit Assessment Liens ("Liens") that were assigned to the Public Finance Authority ("PFA") under the bond securitization closed May 15, 2014 are now delinquent on their initial payments. The properties share a common owner, [REDACTED] and Green Bank staff has come up with a workout solution with [REDACTED] to bring both properties current. Having sold these Liens to PFA, the Green Bank is not in a position to make these modifications on our own; however, we propose suggesting this solution to PFA as a way to avoid a more drawn-out and costly collections process. Under the Master Indenture by and among the PFA and the Green Bank (and others), the Green Bank is entitled to advance funds against delinquent liens. It is pursuant to this right that the Green Bank advanced funds last September. Accordingly, the holder of the A bonds have been kept "whole" and the PFA would (in pursuing remedies for the delinquent lien) in reality be acting for the Green Bank. As noted, the proposed solution is seen by staff as a more effective solution for all parties involved. As part of this ongoing process, Green Bank staff wanted to report out to the Deployment Committee to inform committee members that this issue exists, why it exists, and what staff is proposing as a solution.

[REDACTED]

- *The Problem:*
 - o Total of \$180,608.52 unpaid to date
 - \$75,304.26 associated with the 7/1/2014 billing (after \$30,000 payment made on 9/15/2014)
 - \$105,304.25 associated with the 1/1/2015 billing
 - o *The Reason:*

- Property didn't complete construction until May 2014, and minimal energy savings were realized by 7/1/2014
- *The Solution (subject to PFA's agreement and suitable documentation):*
 - Property owner will pay \$105,304.25 immediately to satisfy 1/1/2015 bill
 - Remainder of \$75,304.26 (plus interest accrued since 7/1/2014 at the underlying rate of 5.5%) will be repaid in three equal, mortgage-style installments on 7/1/2015, 1/1/2016, and 7/1/2016, respectively, to bring the property current, including all interest due

- The Problem:

- Total of \$78,269.84 unpaid to date (original 7/1/2014 bill of \$161,742.66 minus \$83,472.82 paid on 8/11/2014)

- The Reason:

- Financing Agreement originally contemplated two semiannual tax bills, but staff later determined that the Town of Windsor collects taxes once annually, leading to a refiling of the Lien payment schedule
- This refiled payment schedule, accelerated as it was by six months, led to a cash flow issue at the property level, in that only a portion of the expected energy savings had at that earlier date been realized

- The Solution (subject to PFA's agreement and suitable documentation):

- Property will pay outstanding unpaid amount (plus interest accrued since 7/1/2014 at the underlying rate of 5.5%) in three equal, mortgage-style installments on 7/1/2015, 1/1/2016, and 7/1/2016, respectively, to bring the property current, including all interest due
- Financing Agreement will be amended to reflect once-a-year tax collections, with expectation of full payment of next assessment due 7/1/2015

Additionally, as part of a holistic solution, we have revised our model C-PACE Finance Agreement back in 2014 so the first payment is not due until one hundred and twenty days from the completion date of the project. This will enable energy savings to accrue before the first payment is due.



Project Qualification Memo

To: Bryan Garcia, President and CEO
From: Dale Hedman, Director, Statutory & Infrastructure Programs and Genevieve Sherman, Acting Director, Commercial & Industrial Programs
CC: Bert Hunter, EVP & CIO, Mackey Dykes, VP & COO, Brian Farnen, General Counsel & CLO
Date: February 23, 2015
Re: Bridgeport MicroGrid Project Approval

Project Summary

The City of Bridgeport is working with Bridgeport MicroGrid LLC to develop a microgrid that will provide islanding capability, electricity and thermal energy services to Bridgeport Town Hall and two adjacent buildings: a police station at 300 Congress Street and a Community/Senior Center located at 263 Golden Hill Street in Bridgeport.

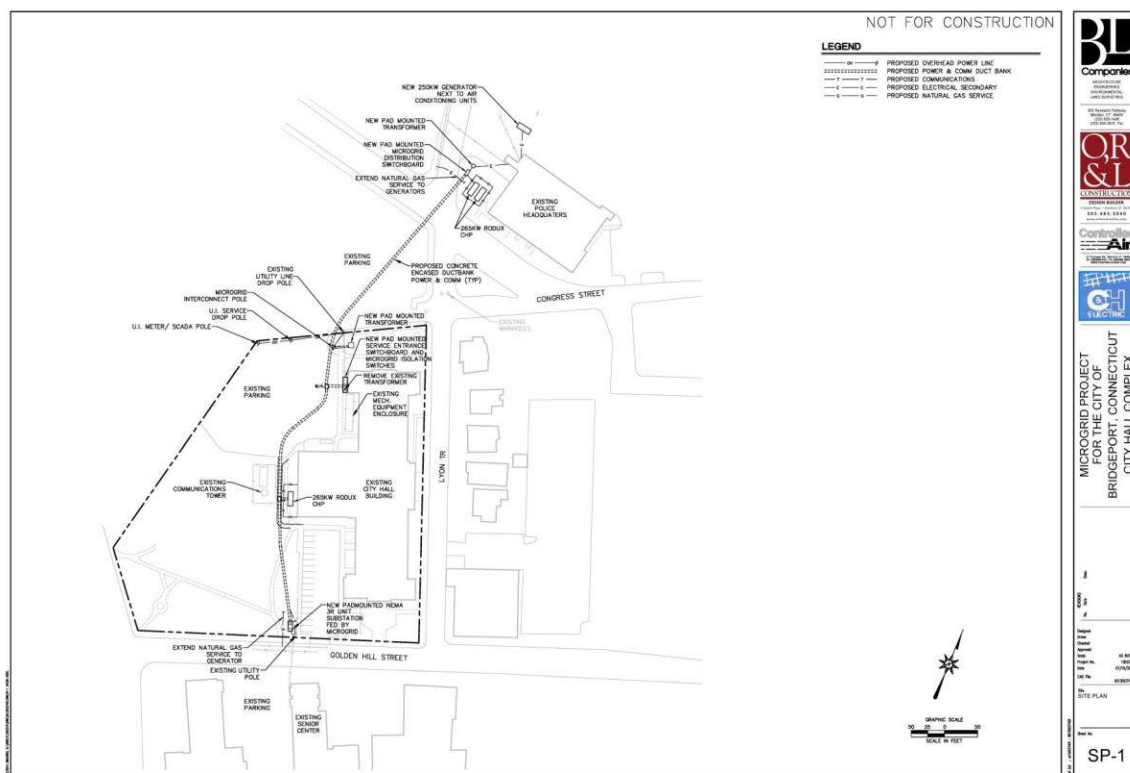
The proposed power generation system consists of three 265 kW natural gas CHP units, for a total of 795kW of capacity. The average load of the proposed microgrid is 300kW with a peak load of 700kW. Existing diesel generators located at the Police Headquarters will be used as redundant generation capacity for the microgrid. The microgrid distribution will remain sized, designed and installed to handle 1.8MW of generation for future expansion, to enable additional capacity for other facilities to take advantage of the microgrid.

The City of Bridgeport intends to enter into a 20 year energy service agreement with Bridgeport MicroGrid LLC for power and steam. At the time of this writing an Energy Savings Agreement (ESA) is drafted and under review by both parties, and a finalized ESA will be a condition to closing.

Bridgeport MicroGrid, LLC has requested a subordinated loan for the project from the Green Bank in the amount of \$502,860, at a 2% interest rate for 20 years. The outstanding principal and interest amount will be payable monthly commencing on the first payment date of the Subordinated Loan. Debt service coverage for the proposed combined senior and CGB loans ranges from 1.16x in the first 10 years to approximately 1.31x in the second ten years of the project (see project pro formas later in this package). As part of the Green Bank's CHP incentive pilot program, the Green Bank is using the \$450/kW incentive to buy down the interest rate on the Green Bank's subordinate loan to 2%.

Site Plan

Two of the generators will be located outside on the West side (back side) of Bridgeport Town Hall and the third will be located outside on the West corner of the Police Headquarters. The steam supply piping will enter each building, tying into the existing steam headers to supply steam to the existing buildings heating systems.



Strategic Plan

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

The Comprehensive Plan and Budget calls for developing and deploying microgrids to support critical services and ensure public safety during electricity outage crises. As funding for microgrid projects under General Statutes of Connecticut, Section 16-243y, as modified by Public Act 13-298, Section 34, does not include incentive for the generation portion of a micro grid project, the Comprehensive Plan anticipates utilizing the statutorily mandated CHP Pilot program, which is administered by the Green Bank, to support critical facility micro grid projects. Furthermore, per the comprehensive plan, the Green Bank plans to develop micro grid specific financing structures in FY 2015 and 2016, centered around, but not limited to, the Department of Energy and Environmental Protection's (DEEP) grant program. To assist DEEP and winners of its microgrid grant program, the Green Bank anticipates leveraging current programs such as the CHP Pilot and also established a "Microgrid Initiative" through setting aside \$5 million to support micro grid projects that are leveraged with private capital.

Ratepayer Payback

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

The CHP system will produce more than 304,445 MMBtu of electricity and thermal energy over the 20-year term of the loan, versus \$502,806 of ratepayer funds at risk. This translates to 606kbtu/ratepayer dollar at risk.

Terms and Conditions

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

Bridgeport MicroGrid, LLC has requested a subordinated loan for the project from the Green Bank in the amount of \$502,860, at a 2% interest rate for 20 years.

The loan will be secured at all times by a lien (subordinated only to the proposed senior lender) on and security interest in all of the Borrower's right, title and interest in and to:

- any and all project agreements;
- a pledge of 100% of Borrower's interest in all future cash flows from the Project;
- all cash, money, currency, and liquid funds;
- a perfected lien on substantially all existing and subsequently acquired assets and real properties;
- a perfected lien on 100% of the capital stock of the Borrower and the Borrower's present and subsequently acquired domestic subsidiaries and affiliates; and
- all Proceeds of each of the foregoing and all accessions to, and replacements for, each of the foregoing

Where appropriate, such Security Interest will be subordinate only to commercial lending institution(s) extending loans, advances or lines of credit or otherwise lending funds to the Borrower, the proceeds of which are to be used solely for the development, construction and operation of the Project pursuant to a mutually agreeable intercreditor agreement.

Advances under the proposed subordinated debt facility will be contingent upon the following conditions precedent:

- Evidence of senior debt and equity funding commitments and the satisfaction of all material conditions precedent
- All legal and regulatory licenses have been obtained
- Receipt of a final pro forma agreed upon by the Green Bank and participating senior debt and equity
- Other, standard conditions precedent

Full Terms and Conditions are stipulated in the attached Term Sheet

Capital Expended

How much of the ratepayer and other capital that The Green Bank manages is being expended on the project?

The Green Bank will provide \$502,860 to the project in the form of a sub-debt loan, as selected by the end-user/applicant, to be combined with senior term debt of \$1,997,140 and developer equity of \$901,392. Green Bank capital will comprise 14.8% of the total capital stack.

Risk

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

The maximum ratepayer exposure under the CHP Pilot program, for this project, is \$502,860, to be issued in the form of a sub-debt loan.

Target Market

Who are the end users of the project?

The end users of the system are the City of Bridgeport staff, Police Department, residents of the Senior Care facility, as well as residents of Bridgeport that will be able to utilize the facilities and their services during grid outage events.

The Green Bank Role, Financial Assistance & Selection/Award Process

This loan application was submitted to the Green Bank under The Combined Heat & Power Pilot Program (Public Act 11-80, Section 103), which follows the “Programmatic Selection and Award” aspects of The Green Bank’s Operating Procedures for financial assistance in the form of grants, loans or loan enhancements, or power purchase agreements. The review, selection and award for this application was based on the requirements of the CHP Pilot Program.

Project Financials

The Green Bank will provide a sub-debt loan of \$502,860 over 20 years at 2%. Bridgeport MicroGrid LLC is contributing \$901,392 in developer equity and has received a commitment letter from First Niagara Financial Group to provide senior debt of \$1,997,140 at 20 years and 5.57%. Senior and Sub-debt match the ESA term of 20 years.

Total Project Cost (CHP only):	\$3,401,392 (\$4,311/kW)
Current Average Utility Rate:	\$0.155/kWh
Estimated Value of Waste Heat	\$11.40 MMBtu
Subdebt Loan Amount Requested:	\$502,860
Per Watt Value of Reduced Interest Rate:	\$450/kW
Incentive to Project Cost Ratio:	15.80 %
Simple payback (net capital):	9.72 Years
Internal Rate of Return:	7.09 %

System In-Service Date

1Q 2015

Project Participants

The Bridgeport MicroGrid LLC Developer Team is comprised of the following companies:

O,R&L Construction Group

Design Builder

As Design Builder, O,R&L offers complete design and construction integration and management, from site selection and design conception through construction and operations. The design build team is experienced on all aspects of new construction in particular, high performance energy installations and distribution facilities. O,R&L's repeat clients include healthcare, laboratory, industrial/manufacturing, corporate and non-profits.

BL Companies

Design Engineers

BL is an employee owned firm and a leader in delivering high-quality, integrated architecture, engineering and related services to public and private clients for land development, building design and infrastructure projects. BL Companies offers a comprehensive approach to design; including architectural, structural, civil, environmental, mechanical, electrical, plumbing (MEP) and fire protection engineering. BL provides MEP services for all phases of land, building and infrastructure design.

C&H Electric

Electrical Contractor

C&H Electric's expertise encompasses a wide range of assignments such as Fast Track, Design Build, New Construction, Renovations, New Technologies, Budgeting, Pre-construction, Estimating Services, Value Engineering, Preventative Maintenance Services, High Voltage Installation, Emergency Power Systems, Fire Alarm, Security and Energy Management. C&H Electric's services and assignments encompass a wide range of customers including Commercial, Industrial, Historic, Health Care, Institutional and Educational. C & H Electric is able to effectively provide numerous services to a variety of customers through a staff highly trained in all aspects of electrical work.

Controlled Air

Mechanical Contractor

A leader in creating environmentally sound, energy-efficient HVAC designs that save money for customers and promote conservation of energy to help the environment. Recent relevant projects include Fairfield Police Station in Fairfield, YMCA of Northern Middlesex County located in Middletown, Soundview YMCA in Branford and Alexion Pharmaceuticals in Cheshire, CT. The Controlled Air, Inc. team is comprised of skilled professionals each highly trained in specific areas of technology, such as HVAC, engineering, cogeneration, electric, and ground water heat sources as well as energy efficient lighting.

Good Energy

Energy consultant

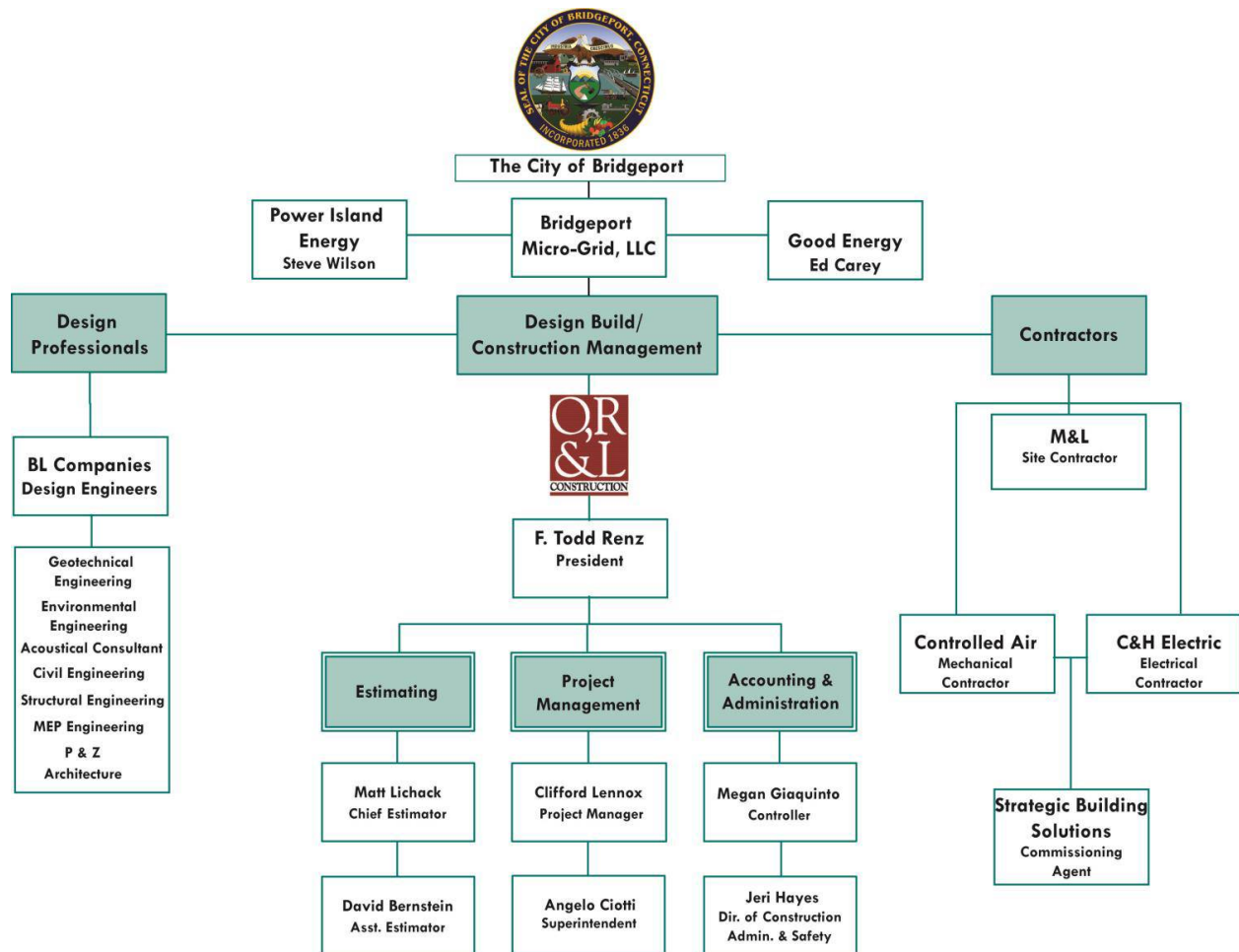
Good Energy is a consulting firm and has been active within energy deregulation since 1999, providing Electricity, Natural Gas supply and demand management services to all commercial

businesses and residential communities. Good Energy develops and implements aggressive and innovative saving programs customized to the consumers' pattern of energy consumption and usage.

Power Island Energy and Onsite Power Solutions
Energy Consultant

Power Island Energy, LLC, a developer of co-generation projects which provide lower energy costs, improved reliability, increased energy efficiency, and green solutions. Onsite Power Solutions presently coordinates maintenance and repair services for turbines and generators, and markets and sells refurbished power generation equipment. Clients include pulp and paper companies and sugar production facilities throughout the US. Each of these facilities has onsite CHP systems ranging in size from 5 to 50 MW in capacity

Organizational Chart



Project Benefits

The microgrid generating assets will provide the City of Bridgeport electricity and thermal energy to town hall, the police station and senior care facility energy at a levelized cost nominally \$.0256/kwh *higher* than their current costs. This is primarily due to the significant redundancy of the generators – requested by the City of Bridgeport in their solicitation for microgrid developers – to provide additional reliability for on-site power as well as the opportunity for the microgrid to expand to future off-takers for electricity and steam. Bridgeport MicroGrid LLC and the City of Bridgeport have submitted this project to United Illuminating for Virtual Net Metering credits. A newly created program, this special tariff will allow the City of Bridgeport to net meter generation in excess of the demand at the microgrid host facilities to additional municipal facilities. Depending on the availability of Virtual Net Metering credits in UI territory this year, Bridgeport MicroGrid LLC estimates the levelized cost to the City to be between \$0.0013 - \$0.0420 *less* than their current cost of \$0.155/kWh. For purposes of this memo we have used the low end of the ranges for our assumptions.

Resolution

WHEREAS, this microgrid project meets the requirements of the statutorily mandated Combined Heat and Power (CHP) Pilot program set forth under Public Act 11-80, Section 103, which is administered by the Connecticut Green Bank (Green Bank); and

WHEREAS, this microgrid project is consistent with the Green Bank's approved Fiscal Year 2015 budget and Comprehensive Plan.

NOW, therefore be it:

RESOLVED, that the President of the Green Bank and any other duly authorized officer of the Green Bank, is authorized to execute and deliver a sub-debt loan in the amount of \$502,860, to be funded from the CHP Pilot program budget, and with terms and conditions consistent with the memorandum and term sheet submitted to the Deployment Committee dated February 23, 2015; and

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

Pro Forma

An overview debt service pro forma is shown below.

Bridgport Microgrid Facility												
Debt service coverage rate based on a debt contribution of \$2.5M, assuming a 20-year term for senior debt and 20-year for sub-debtor at 5.57% and 2% fixed interest rates, respectively.												
Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023		
Net Operating Income	231,000	232,310	233,643	235,000	238,380	240,380	241,783	243,211	245,734	246,137		
Beginning Balance	2,422,472	2,341,362	2,256,487	2,167,650	2,074,648	1,977,263	1,875,267	1,768,420	1,656,467			
Funding	2,500,000											
Interest Expense (Sr.)	111,301	108,133	104,790	101,259	97,533	93,598	89,444	85,059	80,429	75,541		
Amortization (Sr.)	56,832	60,000	63,343	66,874	70,600	74,535	78,689	83,074	87,704	92,592		
Interest Expense (Sub)	10,057	9,643	9,221	8,790	8,351	7,903	7,446	6,980	6,505	6,020		
Amortization (Sub)	20,696	21,110	21,532	21,963	22,402	22,850	23,307	23,773	24,249	24,734		
Ending Balance	2,422,472	2,341,362	2,256,487	2,167,650	2,074,648	1,977,263	1,875,267	1,768,420	1,656,467	1,539,141		
Average DSCR	1.16	1.17	1.17	1.18	1.20	1.21	1.22	1.22	1.24	1.24		
Year	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033		
Net Operating Income	247,121	249,580	251,273	251,139	254,221	257,333	258,005	258,778	259,019	260,001		
Beginning Balance	1,539,141	1,416,161	1,287,229	1,152,030	1,010,235	861,494	705,440	541,684	369,817	189,407		
Funding												
Interest Expense (Sr.)	70,381	64,934	59,182	53,110	46,700	39,933	32,788	25,245	17,282	8,875		
Amortization (Sr.)	97,752	103,199	108,951	115,022	121,433	128,200	135,345	142,887	150,851	159,257		
Interest Expense (Sub)	5,525	5,020	4,506	3,981	3,445	2,899	2,342	1,774	1,194	603		
Amortization (Sub)	25,228	25,733	26,248	26,773	27,308	27,854	28,411	28,980	29,559	30,150		
Ending Balance	1,416,161	1,287,229	1,152,030	1,010,235	861,494	705,440	541,684	369,817	189,407	0		
Average DSCR	1.24	1.25	1.26	1.26	1.28	1.29	1.30	1.30	1.30	1.31		

Pro forma of cash flows for entire energy improvement project.

Capital Structure with Green Bank Sub-Debt

	Amount	% of Capital Stack	Rate
Debt	\$1,997,140	58.7%	5.57%
ITC	\$0	0.0%	0.00%
Sub Debt	\$502,860	14.8%	2.00%
Equity	\$901,392	26.5%	15.00%
Total	\$3,401,392	100.0%	

Debt	\$1,997,140
Term (yrs)	20
Interest Rate	5.57%
Discount Rate	7.54%

Years	Beg. Bal.	Payment	Interest	Principal	End. Bal.
0					\$1,961,232
1	\$1,997,140	\$168,133	\$111,301	\$56,832	\$1,940,307
2	\$1,940,307	\$168,133	\$108,133	\$60,000	\$1,880,308
3	\$1,880,308	\$168,133	\$104,790	\$63,343	\$1,816,964
4	\$1,816,964	\$168,133	\$101,259	\$66,874	\$1,750,091
5	\$1,750,091	\$168,133	\$97,533	\$70,600	\$1,679,490
6	\$1,679,490	\$168,133	\$93,598	\$74,535	\$1,604,955
7	\$1,604,955	\$168,133	\$89,444	\$78,689	\$1,526,267
8	\$1,526,267	\$168,133	\$85,059	\$83,074	\$1,443,193
9	\$1,443,193	\$168,133	\$80,429	\$87,704	\$1,355,489
10	\$1,355,489	\$168,133	\$75,541	\$92,592	\$1,262,897

11	\$1,262,897	\$168,133	\$70,381	\$97,752	\$1,165,146
12	\$1,165,146	\$168,133	\$64,934	\$103,199	\$1,061,946
13	\$1,061,946	\$168,133	\$59,182	\$108,951	\$952,996
14	\$952,996	\$168,133	\$53,110	\$115,022	\$837,973
15	\$837,973	\$168,133	\$46,700	\$121,433	\$716,540
16	\$716,540	\$168,133	\$39,933	\$128,200	\$588,340
17	\$588,340	\$168,133	\$32,788	\$135,345	\$452,996
18	\$452,996	\$168,133	\$25,245	\$142,887	\$310,108
19	\$310,108	\$168,133	\$17,282	\$150,851	\$159,258
20	\$159,258	\$168,133	\$8,875	\$159,258	\$0

Total **\$1,365,519**

Term Sheet

Connecticut Green Bank – Bridgeport MicroGrid, LLC Facilities Summary of Terms and Conditions for Proposed Subordinated Term Loan Facility

This Non-Binding Term Sheet summarizes the primary terms and conditions for the Connecticut Green Bank (“Green Bank”) to provide funding (the “Subordinated Loan”) for term financing of a microgrid facility to be located in Bridgeport, CT (the “Project”) and to be owned by Bridgeport MicroGrid, LLC (“Bridgeport” or “Borrower”).

This Term Sheet is intended as an outline of certain material terms of the proposed Credit Facilities being considered by the Green Bank. It does not include descriptions of all of the terms, conditions and other provisions that would be contained in the definitive documentation relating to the Credit Facilities. This Term Sheet is not a contract to extend financing nor an offer to enter into a contract for such financing nor a commitment to obligate Green Bank in any way with respect to any financing proposal summarized herein and the parties to the proposed transactions should not rely upon it as such.

This term sheet is delivered to the Borrower on the understanding that any of the terms of substance hereunder shall not be disclosed, directly or indirectly, to any other person except your investors, officers, agents and advisors who are directly involved in the consideration of this matter unless prior written consent has been given by Green Bank. The transactions contemplated by this Term Sheet and Conditions is subject to all necessary Green Bank approvals, including its board of directors.

This term sheet will expire on July 3, 2015.

Borrower:

A Special Purpose Entity (Bridgeport MicroGrid, LLC) that will own and operate 795 kWAC microgrid energy project located in Bridgeport, Connecticut.

Guarantors:

Bridgeport MicroGrid, LLC (“**Guarantors**”).

Senior Lender(s)

TO BE DETERMINED (Connecticut Licensed Bank)

Senior Loan

TO BE DETERMINED with a Connecticut Licensed Bank

Sole Purpose: To provide permanent subordinate debt financing for the proposed microgrid energy project located in Bridgeport, Connecticut (the “**Project**”).

Lender: The Green Bank and any participating lenders on the Closing of the Credit Facilities (collectively, the “**Lenders**”).

Credit Facility: Not to exceed \$502,860 Secured Subordinated Term Loan (the “**Subordinated Loan**”). The Subordinated Loan amount may be lower if the interest rate on a senior loan facility is greater than Six Percent (6.00%) per annum or if the minimum proforma debt service coverage ratio (“DSCR”) is not maintained based on projected Project economics agreed between Lender, Borrower and Senior Lender (defined later) as a condition to the Advances, at the Lenders’ sole discretion.

Maturity: Maturity coterminous with the Senior Loan facility, not to exceed twenty (20) years from the date of the advance of the loan and fully amortizing level payments of principal and interest (mortgage-style basis).

Advances: Negotiated single payment in the full principal amount of the Subordinated Loan will be made at Commercial Operation Date (COD) and no earlier than Senior Debt advances.

Repayment and payment: Commencing monthly on the first day of the first month following the COD and on the first day of each succeeding month, Borrower shall repay the Loan on a fully amortizing mortgage-style basis (level payments of principal and interest).

Pre-payment Penalty: No Pre-payment Penalty.

Interest Rates and Fees: Two Percent (2.00%) per Annum.

Calculation of Interest and Fees: All calculations in respect of interest shall be made on the basis of actual number of days elapsed in a 360 day year.

Collateral:

The loans will be secured at all times by a continuing subordinated priority lien on and security interest (the “**Security Interest**”) in all of the Borrower’s right, title and interest in and to:

(i) any and all project agreements, including any agreements to sell electrical energy from the Project to power purchaser(s) and the purchasers of any alternative energy credits or environmental attributes available for sale including any proceeds from such agreements, agreements with equipment suppliers, EPC agreements, operation and maintenance agreements;

(ii) a pledge of 100% of Borrower’s interest in all future cash flows from the Project;

(iii) all cash, money, currency, and liquid funds, wherever held, in which the Borrower now or hereafter acquires any right, title, or interest including, but not limited to a debt service reserve account for the benefit of the Senior Lender(s) and the Lender and such other bank accounts of the Borrower or the Project;

(iv) a perfected lien on substantially all existing and subsequently acquired assets and real properties, including, but not limited to, receivables, inventory, equipment, furniture, fixtures, improvements, material owned real property, material contracts, assignment of leases, general intangibles, and leasehold mortgages, as determined by the Lender;

(v) a perfected lien on 100% of the capital stock of the Borrower and the Borrower’s present and subsequently acquired domestic subsidiaries and affiliates; and

(vi) all Proceeds of each of the foregoing and all accessions to, and replacements for, each of the foregoing (the “**Collateral**”)

Where appropriate, such Security Interest will be subordinate only to commercial lending institution(s) extending loans, advances or lines of credit or otherwise lending funds to the Borrower, the proceeds of which are to be used solely for the development, construction and operation of the Project (“**Senior Debt**”) pursuant to a mutually agreeable intercreditor agreement in an amount not to exceed \$2,000,000.

Negative Pledge: The Borrower will not assign any accounts or other Collateral to any person or entity other than to the Lender, the Senior Lender, or other Lenders as agreed (together, the “**Secured Parties**” and at all times in

conformity with the Intercreditor Agreement), nor create or permit to be created any lien, encumbrance or security interest of any kind on any Collateral other than for the benefit of the Secured Parties or either of them, nor grant or permit to be granted any corporate guaranty other than for the benefit of the Secured Parties or either of them, unless authorized by the Secured Parties (or, as permitted by the Intercreditor Agreement, either Secured Party) in writing, except for the security interests contemplated herein in connection with granting of the loans evidenced by the Credit Agreement and the Note.

**Voluntary
Reductions:**

Commitments under the Credit Facility may be reduced or terminated, in whole or in part, at the Borrower's option, upon five business days prior notice. Voluntary reductions of commitments under the Credit Facility shall be in minimum amounts to be mutually agreed upon.

The Borrower may prepay amounts outstanding under the Credit Facility in whole or in part (in minimum amounts to be agreed upon), with prior notice but without premium or penalty. Prepayments of the Credit Facility shall be applied pro rata against all remaining scheduled installments. Voluntary prepayments of the Subordinated Loan may not be re-borrowed.

**Mandatory
Reductions:**

Subject to exceptions to be further negotiated, the following mandatory commitment reductions and/or prepayments shall be required:

100% of the net cash proceeds of any post-closing senior debt or pari passu debt with Lenders.

100% of the net proceeds of any post-closing equity issuance subject to mutually agreeable carve-outs for Tax Equity Investments and Company Equity Investments.

100% of the proceeds of asset sales outside the ordinary course of business, to the extent such proceeds have not been applied to indebtedness of the Senior Lender(s) or reinvested in the business within 180 days.

100% of the proceeds from any material recovery event not reinvested in the business within 180 days.

Mandatory prepayments will be first applied to reduce the Credit Facility in the

inverse order of maturity.

All prepayments (including voluntary prepayments) shall be accompanied by payment of accrued interest on the amount prepaid to the date of prepayment.

Representations and Warranties:

Organization and qualification; capitalization and ownership; use of proceeds; subsidiaries and affiliates; solvency; power and authority; validity, binding effect and enforceability; no conflict; absence of material litigation; accuracy of financial statements; margin stock; full disclosure; payment of taxes; consents and approvals; no Event of Default; compliance with instruments; patents, trademarks, copyrights, and licenses; insurance; indebtedness; security interest and mortgage liens; compliance with laws; material contracts; environmental matters; senior debt status; and other Representations and Warranties considered appropriate by the Lender.

Conditions Precedent to Lending:

Usual and customary for transactions of this nature, including, but not limited to, the following: The negotiation, execution and delivery of definitive loan and security documentation for the Credit Facilities (the "Loan Documents") satisfactory to the Lender, including satisfactory evidence that the Lender holds a perfected, first priority lien (or a lien which, as to be negotiated, is subordinate only to the Senior Lender(s)) in the Collateral for the Credit Facilities and all Connecticut state contracting provisions required by statute.

Execution of the project documents.

Evidence of senior debt and equity funding commitments by Senior Lender and Equity Investor (and/or Tax Equity Investor if applicable) and all conditions precedent required in respect of any advances from the Senior Lender and Equity Investor (other than any conditions precedent related to advances of the Subordinated Loan) shall have been satisfied.

Evidence of compliance with tax credit requirements for safe harbor status, if applicable.

Delivery of satisfactory opinion(s) of counsel to the Company and the Guarantors.

Closing certificate as to accuracy of Representations and Warranties, compliance with covenants, and absence of an Event of Default or potential Event of Default.

Certified resolutions, incumbency certificate, and corporate documents.

Successfully securing a position in the Virtual Net Metering queue as established by the Public Utility Regulatory Authority.

All regulatory approvals and licenses, absence of any legal or regulatory prohibitions or restrictions.

No material litigation.

Receipt of a projection model in form and substance satisfactory to the Lender and accepted by the Senior Lender.

Satisfactory Intercreditor Agreement with Senior Lender and (if appropriate) Tax Equity Investor.

Completion of Lender's final due diligence.

Evidence of required insurance.

Payment of all fees and expenses of the Lender and the Senior Lender(s) which are subject to reimbursement, including but not limited to all filing and legal fees.

No material adverse change in or affecting the business, operations, property, condition (financial or otherwise) or prospects of the Company or the Guarantors.

Other Conditions Precedent to Lending as appropriate.

**Affirmative
Covenants:**

Usual and customary for financing transactions of this nature and for this transaction in particular, including, but not limited to:

Maintenance of books, records and inspections.

Maintenance of insurance.

Payment of taxes.

Preservation of existence, rights and authority.

Maintenance of properties and equipment.

Compliance with statutes, including environmental laws.

Compliance with all obligations under the project documents;

Any material subsidiary created or acquired subsequent to the closing of the Credit Facilities will be added as a guarantor and appropriate stock pledges and other security interests will be obtained.

Use of proceeds.

Other Affirmative and Negative Covenants as appropriate.

**Reporting
Requirements:**

The Borrower will provide:

Within 45 days after each fiscal quarter a consolidated balance sheet and consolidated statements of income, retained earnings, and cash flow, together with a Certificate of Compliance from the Chief Financial Officer of the Borrower.

For the fiscal year ending December 31, 2015 and each fiscal year thereafter, within 120 days after each fiscal year end consolidated reviewed balance sheet and consolidated reviewed statements of income, retained earnings, and cash flow, together with (i) a report of an independent certified public accountant reasonably satisfactory to the Lender, (ii) any management letters of such accountants addressed to the Borrower, and (iii) a Certificate of Compliance from the Chief Financial Officer of the Borrower.

The annual budget for the upcoming year within 30 days after each fiscal year end.

Notice of default.

Other information as reasonably requested.

Other Reporting Requirements as appropriate (the foregoing to be reasonably conformed to the Reporting Requirements of Senior Lender(s)).

Negative Covenants: Usual and customary for transactions of this nature, including, but not limited to, the following: dividends, change of control, asset divestitures, investments, liens, leases, transactions with affiliates, prepayment of other indebtedness, restriction on mergers and acquisitions, and additional indebtedness.

Other Negative Covenants as appropriate.

Financial Covenants: Financial covenants, including, but not limited to, the following:

(to be negotiated)

Events of Default: Customary for facilities of this nature, including but not limited to:

Payment default;

Cross-defaults to other indebtedness and other material obligations;

Failure to perform any covenant or agreement;

Breach of representations and warranties;

Loss of custody or control of property;

Discontinuance of business;

Insolvency or bankruptcy;

Material adverse change;

Judgment defaults; and

Change in control.

Assignments and Participations:

(to be negotiated)

Governing Law: Connecticut

Lender's Counsel: TBD

Miscellaneous / Proposal not an Offer to Lend Funds, Approvals, Etc.: This term sheet does not include all of the terms that would be included in definitive documentation. The terms and conditions of the Credit Facility will be further developed and expanded during the due diligence, negotiation, approval and documentation process. The transactions contemplated by this Term Sheet are expressly contingent upon and subject to, among other things, (i) satisfactory completion of the Green Bank's due diligence, (ii) the negotiation, execution and delivery of the Loan Documents satisfactory to the Green Bank, (iii) all representations and warranties of the Borrower and, as may apply, Borrower's subsidiaries, affiliates and representatives in connection with the proposed Credit Facility being complete and correct in all material respects and not containing any untrue statement of any material facts or omitting any material facts, (iv) the satisfaction of the conditions precedent to be contained in the Loan Documents and (v) approval of the Credit Facility by the Green Bank's Board of Directors. The Green Bank reserves the right to cease all discussions and negotiations at its sole discretion at any time prior to entering into the Loan Documents without any liability whatsoever to the parties to the proposed transactions.

Enabling Statute and State Contracting Provisions: The Green Bank is subject to the requirements outlined in Sections 16-245n of the Connecticut General Statutes and Borrower will be responsible for complying with applicable state contracting requirements.

Expenses: The Borrower shall pay (a) all reasonable out-of-pocket expenses of the Lender associated with the Credit Facilities, including the preparation, execution, delivery and administration of the credit documentation and any amendment or waiver with respect thereto (including the reasonable fees, disbursements and other charges of counsel) and (b) all out of pocket expenses of the Lender(s) (including the fees, disbursements and other charges of counsel) in connection with the enforcement of the credit documentation.

Yield Protection: The Company shall pay the Lender(s) such additional amounts as will compensate the Lenders in the event applicable law, or changes in law, subjects the Lenders to reserve requirements, capital requirements, taxes (except for taxes on the overall net income of the Lenders), or other charges which increase the cost or reduce the yield to the Lender(s) above the applicable cost or yield in effect on the closing date under customary yield protection provisions.

Signed on behalf of the Connecticut Green Bank by:

Signature _____

Name: **Bryan T. Garcia**

Title: **President and CEO**

Date:

Signed on behalf of Bridgeport MicroGrid, LLC by:

Signature _____

Name:

Title:

Date:



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Memo

To: Deployment Committee

From: Brian Farnen (General Counsel and CLO) and Bryan Garcia (President and CEO)

CC: Bert Hunter, Mackey Dykes, Genevieve Sherman, Andy Brydges, Dale Hedman, and Kerry O'Neill,

Date: February 26, 2015

Re: Options for Adjustment in Officer Approvals – Funding Requests below \$300,000 and in Aggregate less than \$1,000,000

BACKGROUND

On June 24, 2014, the Connecticut Green Bank (“Green Bank”) Board of Directors (“Board”) approved of a recommendation brought forth by the Deployment and the Audit, Compliance and Governance Committees to approve the authorization of Green Bank staff to evaluate and approve program funding requests less than \$300,000 which are pursuant to an established formal approval process requiring the signature of a Green Bank officer, consistent with the Green Bank Comprehensive Plan, approved within Green Bank’s fiscal budget and in an aggregate amount not to exceed \$1,000,000 from the date of the last Deployment Committee meeting. This policy is similar with that of the Connecticut Clean Energy Fund (CCEF), the predecessor to Green Bank, who’s Board passed a similar resolution permitting staff to approve funding requests below \$300,000.

By authorizing Green Bank staff to approve funding requests below \$300,000 within clear established guidelines, Green Bank staff is empowered to manage the day to day operations of Green Bank consistent with the broader vision of the Board.

At the previous Deployment Committee meeting, staff was requested to provide additional options to ensure that projects under \$300,000 are approved without delay and with appropriate oversight. As such, the Green Bank staff proposes the following additional options for your consideration and a staff recommendation:

OPTIONS	PROS	CONS
# 1 – Leave the policy as is	Less Risk with greatest amount of oversight.	Less flexibility. May lead to the need to call special meetings just to clear the queue (i.e., to avoid reaching the \$1,000,000 aggregate staff limit).
# 2 – Increase aggregate amount from 1,000,000 to \$1,500,000	Provides for greater flexibility. Incremental expansion from existing policy. Programmatic approach and standardization have diminished risk of providing additional staff approval authority.	If Deployment Committee does not agree with a decision or project approved at the staff level, increased staff authorization amount could compound the problem.
# 3 – No Need to Inform to clear the queue and general report out at next Deployment Committee so long as there are no material deviations from standard underwriting and technical review	Greater flexibility and contingent upon no deviations from standard processes. Programmatic approach and standardization have diminished risk of providing additional staff approval authority.	If volume under the C-PACE program increases sharply, staff will be authorized to approve significant dollar amounts.
#4 – Report out to just the Board and Deployment Chairs at regular intervals	Same as #3.	Less Committee oversight. Greatest amount of staff authorization.

RECOMMENDATION

Green Bank staff recommends Option # 3. This option provides the greatest amount of flexibility while providing additional safeguards by ensuring that all staff approvals do not materially deviate from standard underwriting and technical review standards.

RESOLUTION

WHEREAS, pursuant to Section 5.3.3 of the CEFIA Bylaws, the CEFIA Deployment Committee has been granted the authority to evaluate and approve funding requests between \$300,000 and \$2,500,000;

WHEREAS, on June 24, 2014, the Board of Directors authorized CEFIA staff to evaluate and approve funding requests less than \$300,000 which are pursuant to an established formal approval process requiring the signature of a CEFIA officer, consistent with the CEFIA Comprehensive Plan, approved within CEFIA's fiscal budget and in an aggregate amount not to exceed \$1,000,000 from the date of the last Deployment Committee meeting ("Staff Approval Policy for Projects Under \$300,000").

NOW, therefore be it:

RESOLVED, that the CEFIA Deployment Committee hereby recommends that the Board of Directors adopt a resolution amending the Staff Approval Policy for Projects Under \$300,000 to remove the aggregate amount restriction and provide a general report out of projects approved at the next Deployment Committee meeting so long as there are no material deviations from standard programmatic underwriting and technical standards.