

EnergizeCT Health & Safety Revolving Loan Fund

I. PURPOSE

The Connecticut Green Bank (“Green Bank”) seeks applications from qualified Applicants (“Applicant”) for funding for Health & Safety improvements in multifamily affordable housing under the EnergizeCT Health and Safety Revolving Loan Fund.

II. GREEN BANK BACKGROUND

Green Bank was established by Connecticut’s General Assembly on July 1, 2011 through Public Act 11-80 as a quasi-public agency that supersedes the former Connecticut Clean Energy Fund (CCFE). Green Bank’s mission is to help ensure Connecticut’s energy security and community prosperity by realizing its environmental and economic opportunities through clean energy finance and investments. As the nation’s first state “Green Bank”, Green Bank leverages public and private funds to drive investment and scale-up clean energy deployment in Connecticut. For more information about Green Bank, please visit www.ctgreenbank.com.

III. PROGRAM BACKGROUND

The Green Bank has obtained funding from the State of Connecticut Department of Energy and Environmental Protection (“DEEP”) for the EnergizeCT Health and Safety Revolving Loan Fund (“H&S Revolving Fund”). This Fund provides loans that permit owners of multifamily housing, serving primarily low-income residents, to remediate health and safety issues that must be completed in conjunction with or that will enable follow-on energy upgrades and improvements.

The H&S Revolving Fund was established to complement the Green Bank’s existing portfolio of multifamily loan and technical assistance programs that fund energy-efficiency and renewable energy improvements. It recognizes the fact that numerous properties have serious and costly health and safety issues that require remediation before certain energy improvements can proceed, and that remediation of the health and safety issues cannot be fully funded through these existing programs or conventional financing. These properties will, therefore, significantly benefit from targeted health and safety funding with flexible lending criteria. The program provides loan resources for remediation of the energy related health and safety issues. The program is restricted to properties where at least sixty percent (60%) of the units serve low income residents, whereby low-income households are defined as households with incomes at 80% of Area Median Income (AMI) or less. It provides market rate financing to profitable properties as well as below market financing to financially challenged properties or those with very high health and safety remediation costs. Not-for-profit owners, housing authorities, condos and coops are eligible for special consideration lending terms.

The H&S Revolving Fund also encourages owners to take a holistic and comprehensive approach to building energy improvements and to take advantage of H&S Revolving Funds to enable this approach.

IV. FUNDING AVAILABILITY

Approximately \$1.5 million dollars of funding is currently available as “gap funding” loans. The Green Bank will consider applications for the H&S Revolving Fund that request H&S Revolving funds only, or that combine funding from the H&S Revolving Fund with other Green Bank programs and/or other funding sources.

V. LOAN ELIGIBILITY

Properties must be multifamily housing (5 units or more) with at least 60% of the units serving residents with incomes of 80% of area median or below or the properties must meet the relevant low-income definitions applied by the EnergizeCT energy efficiency programs administered by the Connecticut utility companies, DOE, HUD, DOH, CHFA or DEEP, as appropriate to the properties seeking H&S Revolving funds.

Eligible ownership structures include private or non-profit owned properties, housing authorities, condos, or coops. Assisted living and supportive housing communities are eligible.

Eligible costs funded by this program include repairs necessary to address health, safety, and/or code issues requiring resolution or remediation prior to implementing energy improvements at the property. This is subject to certain limitations. See “*Project Cost Limitation*” in *Section VII Loan Terms and Structure* that follows.

Examples include, but are not limited to:

- Measures to contain, address, remove, or remediate mold, sources of mold, asbestos, lead paint, or other hazards.
- Amelioration or replacement of leaking pipes, failed roofs, defective combustion equipment, carbon monoxide sources, radon gas, knob and tube wiring, etc.
- Costs of relevant health and safety audits and assessments, and necessary professional services.

The H&S Revolving Fund is intended to support investments in and implementation of holistic, comprehensive, and deeper energy improvements. Examples of energy improvements to be leveraged include:

- Measures incented by the electric/gas utilities criteria for rebates
- Eligible measures under other Green Bank financing products or other work associated with implementation of the State’s Comprehensive Energy Strategy
- Fuel conversions and associated improvements, provided selected equipment meets efficiency specifications required to qualify for utility incentives and/or US EPA Energy Star energy efficiency criteria
- Energy storage
- Electric vehicle charging stations
- Other energy upgrades with a commercial track record of realized savings, as approved by the Green Bank
- Project commissioning
- Energy performance monitoring and verification
- Energy assessment/ audit costs.

VI. LOAN TERMS AND STRUCTURE

Loans will be structured to meet applicant needs subject to the following terms and conditions:

Loan Size:	\$10,000 to \$300,000 (waivers for larger loans are possible).
Loan Term:	Up to 20 years (plus construction period).
Loan Amortization:	Interest-only during construction and fixed for the remaining term of the loan (other amortization structures may be considered at the Green Bank's sole discretion).
Interest Rate:	2.99% per annum.
Prepayment:	No penalty.
Security:	Generally, loans less than \$50,000 will be unsecured. Security on loans greater than \$50,000 will be determined in the Green Bank's sole discretion.
Loan Fees:	0.5% of funding amount, may be funded out of loan proceeds.
Audit Requirement:	Multifamily property owners must complete a whole building energy audit satisfactory to the Green Bank. The audit must identify substantive energy improvements, cost of improvements and expected energy savings. The audit should also identify health and safety issues that impede the energy improvements. The audit must be conducted by a licensed architect, licensed professional engineer or energy professional with BPI Energy Auditor or BPI Healthy Home Assessor or equivalent qualification acceptable to the Green Bank in its sole discretion.
Energy Monitoring:	Applicants are required to monitor energy usage during the term of the loan (or two years whichever is greater) and provide the Green Bank online access to the data using WegoWise or another preapproved ENERGY STAR Portfolio Manager-compatible system.
H&S Revolving Fund Funding Limitations:	Health and safety costs funded by the H&S Revolving Fund are intended to enable implementation of energy improvements. They cannot exceed 50% of "Total Project Cost," unless "Substantive Energy Improvements" are planned, as defined below. ("Total Project Cost" is equal to all costs necessary to implement an energy project and generally includes predevelopment costs, financing costs, energy measures, remediation of health & safety obstacles, commissioning and post implementation monitoring and verification.)

In the case of implementation of “Substantive Energy Improvements”, Health and Safety Costs funded by the H&S Revolving Fund cannot exceed 75% of Total Project Costs.

“Substantive Energy Improvements” are those that reduce projected energy use intensity “EUI” by >10% from baseline OR for projects involving only the replacement of heating and/or domestic hot water systems, the new system must meet efficiency specifications required to qualify for utility incentives and be at least 10% more efficient than the system being replaced. To qualify for this enhancement and to assure implementation of the “Substantive Energy Improvements,” documentation of sources of funds satisfactory to the Green Bank is required. Commitment Letters and/or Term Sheets are acceptable.

Project Requirements: **Set-Aside for Small Contractors and Minority Business Enterprises**

The Applicant shall be required to notify any contractor to be awarded a contract for work on the project of the set-aside requirements contained in C.G.S. § 4a-60g. C.G.S. § 4a-60g provides, to the extent any such contractor retains subcontractors, that such contractor shall, on the basis of competitive bidding procedures, (A) award at least twenty-five percent (25%) of the total value of the Green Bank’s financial assistance to subcontractors who are small contractors and (B) award at least twenty-five percent (25%) of such subcontractor set-aside amount to subcontractors who are minority business enterprises. **The foregoing requirements DO NOT apply in cases where (1) the total value of the contract is anticipated to be \$50,000 or less (2) or subcontractors are not utilized.**

“Small contractor” means any contractor, subcontractor, manufacturer, service company or nonprofit corporation (A) that maintains its principal place of business in the state, (B) that had gross revenues not exceeding fifteen million dollars in the most recently completed fiscal year prior to such application, and (C) that is independent. “Small contractor” does not include any person who is affiliated with another person if both persons considered together have a gross revenue exceeding fifteen million dollars.

“Minority business enterprise” means any small contractor (A) fifty-one percent or more of the capital stock, if any, or assets of which are owned by a person or persons who (i) exercise operational authority over the daily affairs of the enterprise, (ii) have the power to direct the management and policies and receive the beneficial interest of the enterprise, (iii) possess managerial and technical competence and experience directly related to the principal business activities of the enterprise, and (iv) are members of a minority, as such term is defined in subsection (a) of C.G.S. § 32-9n, or are individuals with a disability, or (B) which is a nonprofit corporation in which fifty-one percent or more of the persons who (i) exercise operational authority over the enterprise, (ii)

possess managerial and technical competence and experience directly related to the principal business activities of the enterprise, (iii) have the power to direct the management and policies of the enterprise, and (iv) are members of a minority, as defined in this subsection, or are individuals with a disability.

Air Quality

Projects located within 500 yards of highways, diesel rail lines or railway switching lines shall comply with the [Connecticut Green Bank Air Filtration Policy for Multifamily Properties](#). (This policy is designed to respond to and support prevention of very high instances of asthma and other health conditions at these locations in Connecticut).

Permits

No work shall commence until all required local, state and federal permits and approvals have been obtained.

QA/QC and Inspections

The Green Bank expects that all work related to elimination and remediation of health and safety issues shall be performed in accordance with building codes; applicable state, federal and local requirements, and acceptable industry standards. Work performed shall address the root cause of health and safety issues and shall provide durable, long-term solutions. Green Bank reserves the right to ensure proposed work scopes comply with this expectation and to inspect work at any time during or after the construction process.

Contract

All requirements per attached contract information.

VII. APPLICATION PROCESS

Applicants should carefully examine the application package and any and all amendments, exhibits, revisions, and other data and materials provided with respect to this application process. Applicants should familiarize themselves with all application requirements prior to submitting. Should applicant note any discrepancies, require clarifications, or wish to request interpretations of any kind, applicant shall submit a written request to multifamily@ctgreenbank.com. Green Bank shall respond to such written requests in-kind and may, if it so determines, disseminate such written responses to other prospective applicants.

Applications should be submitted electronically to multifamily@ctgreenbank.com.

VIII. EVALUATION CRITERIA

Threshold Criteria

- Complete Application – Green Bank reserves the right to issue notices to applicants for minor deficiencies. However, applicants should not rely on the ability to cure deficiencies.

- Compliance with program guidelines including percentage of low income residents served, remediation of health and safety issues necessary to implement energy improvements, and appropriate percentage of health & safety costs to total project costs.
- Ability to comply with Contracting and Documentation Requirements under CGS Sec. 4a60g "Set-Aside Program for small contractors and minority business enterprises individuals with disabilities and nonprofit corporations".

Competitive Criteria

- Contribution to revolving the fund as indicated by:
 - a. Ability to repay the proposed loan as demonstrated by:
 - i. Borrower financial strength
 - ii. Project financials including debt service coverage ratio and energy cost reduction
- Contribution to program goals:
 - a. Projected energy savings and deployment of renewable energy. Holistic, comprehensive projects are strongly encouraged
 - b. Health impact on residents and extent of health and safety hazards to be removed
 - c. Number of moderate, low and very low-income households served
- Timing of, and ability to, implement the proposed upgrades as indicated by:
 - a. Committed funding from other sources, as necessary to advance a project
 - b. Extent of completion of bid documents (as necessary and appropriate for a project)
 - c. Bids in place for work (as necessary and appropriate for a project)
 - d. Owner and consultant experience
 - e. Projected schedule

IX. GENERAL TERMS AND CONDITIONS

1. Green Bank reserves the right to reject any or all applications or waive irregularities, in its sole discretion, if Green Bank determines that it is in the interest of Green Bank.
2. Green Bank further reserves the right to make awards without discussion of the proposals received.
3. Applications must be signed by an authorized officer of the Applicant. Applications must also provide name, title, address and telephone number for individuals with authority to negotiate and contractually bind Applicant, and for those who may be contacted for the purpose of clarifying or supporting the information provided in the proposal.
4. Green Bank will not be responsible for any expenses incurred by any Applicant in conjunction with the preparation or presentation of any proposal.
5. Green Bank's selection of an Applicant is not an offer and Green Bank reserves the right to continue negotiations with the selected Applicant until the parties reach a mutual agreement.
6. Applicant will execute documents including addenda as set forth in the attached Exhibit A.

GREEN BANK IS SUBJECT TO THE REQUIREMENTS OUTLINED IN SECTIONS 16-245N OF THE CONNECTICUT GENERAL STATUTES. GREEN BANK SHALL HAVE NO LIABILITY OR OBLIGATION OF ANY SORT HEREUNDER, INCLUDING, WITHOUT LIMITATION, IF FOR ANY REASON OR NO REASON A BINDING AGREEMENT IS NOT ENTERED INTO WITH ANY PROPOSER. IN MAKING ITS SELECTION OF A SUCCESSFUL APPLICANT, GREEN BANK MAY CONSIDER ANY AND ALL FACTORS AND CONSIDERATIONS WHICH GREEN BANK, IN ITS SOLE DISCRETION, DEEMS RELEVANT, THE RELATIVE IMPORTANCE OF WHICH SHALL BE IN THE SOLE DISCRETION OF GREEN BANK.