Board of Directors

Meeting Date

March 29, 2019

Board of Directors

Mary Sotos

Deputy Commissioner of Energy,

DEEP

Betsy Crum

Former Executive Director, Women's Housing Institute

Thomas M. Flynn

Managing Member, Coral Drive Partners LLC

Eric Brown

Senior Counsel, CT Business & Industry Association

John Harrity

President, Connecticut State Council of Machinists

Binu Chandy

Deputy Director,

DECD

Shawn Wooden

Treasurer, State of Connecticut

Matthew Ranelli, Secretary

Partner, Shipman & Goodwin LLP

Kevin Walsh

GE Energy Financial Services' Power and Renewable Energy

845 Brook Street, Rocky Hill, CT 06067
T 860.563.0015
ctgreenbank.com

March 27, 2019

Dear Connecticut Green Bank Board of Directors:

Well, we have a buyer!

We have scheduled a special meeting of the Board of Directors scheduled on Friday, March 29, 2019 from 8:00 to 9:00 a.m. in the Colonel Albert Pope Board Room of the Connecticut Green Bank at 845 Brook Street, Rocky Hill, CT 06067.

On the agenda we have the following items:

- **Incentive Business** – recommendation for the sale of Solar Home Renewable Energy Credit (SHREC) Securitization to Global Atlantic for Tranche 1 and Tranche 2. Per our Sustainability Plan, this is one of the key pieces we needed to execute on!

- **Investment Business** – proposal to reallocate exposure to FuelCell Energy from the Triangle Facility in Danbury to an assurance facility for the Bridgeport Fuel Cell Park.

Thank you for your understanding in our need to organize this special meeting to execute on the SHREC securitization.

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

Sincerely,

Bryan Garcia
President and CEO

AGENDA

Board of Directors of the
Connecticut Green Bank
845 Brook Street
Rocky Hill, CT 06067

Friday, March 29, 2019
8:00-9:00 a.m.

Staff Invited: Craig Connolly, Mackey Dykes, Brian Farnen, Bryan Garcia, Bert Hunter, Jane Murphy, Selya Price, Eric Shrago, and Kim Stevenson

1. Call to order
2. Public Comments – 5 minutes
3. Incentive Business Recommendation – 40 minutes
   a. SHREC Securitization Sale
4. Investment Business Updates and Recommendations – 15 minutes
   a. Proposed Reallocation of Exposure to FuelCell Energy Credit Exposure
5. Adjourn

Next Regular Meeting: Friday, April 26, 2019 from 3:00-5:00 p.m.
Connecticut Green Bank, 845 Brook Street, Rocky Hill, CT

RESOLUTIONS

Board of Directors of the
Connecticut Green Bank
845 Brook Street
Rocky Hill, CT 06067

Friday, March 29, 2019
8:00-9:00 a.m.

Staff Invited: Craig Connolly, Mackey Dykes, Brian Farnen, Bryan Garcia, Bert Hunter, Jane Murphy, Selya Price, Eric Shrago, and Kim Stevenson

1. Call to order

2. Public Comments – 5 minutes

3. Incentive Business Recommendation – 40 minutes

   a. SHREC Securitization Sale

Resolution #1

WHEREAS, pursuant to Connecticut's Residential Solar Incentive Program ("**RSIP**"), the Green Bank provides incentives to homeowners and third-party system owners ("**TPOs**") to deploy residential photovoltaic ("**PV**") systems (each, a "**SHREC System**"); and

WHEREAS, pursuant to Public Act No. 16-212 and Public Act No. 15-194, the Green Bank acquires a specific type of Renewable Energy Credit ("**REC**") called a "solar home renewable energy credit" and the related environmental attributes (collectively, a "**SHREC**") from the homeowners and TPOs receiving RSIP incentives and producing PV energy, and then sells such SHRECs to each of The Connecticut Light and Power Company d/b/a Eversource Energy ("**Eversource**") and The United Illuminating Company ("**United Illuminating**" and together with Eversource, each, a "**Utility**" and together, the "**Utilities**") pursuant to two 15-year contracts dated as of February 7, 2017 and amended as of July 30, 2018 (each, a "**Master Purchase Agreement**" and together, the "**Master Purchase Agreements**"); and

WHEREAS, the SHRECs are divided into tranches based on the calendar year in which the related SHREC System was installed (each, a "**SHREC Tranche**"), and the revenue received from the Utilities under each Master Purchase Agreement for SHRECs actually produced at the price determined by Green Bank for each SHREC (the "**SHREC Receivables**") is established for each SHREC Tranche; and

WHEREAS, the SHRECs related to SHREC Systems for which a tranche was created in 2017 are referred to as "**SHREC Tranche 1,** and the SHRECs related to SHREC Systems for which a tranche was created in 2018 are referred to as "**SHREC Tranche 2**"; and

WHEREAS, as the Green Bank acquires the SHRECs from the homeowners and TPOs and before selling the SHRECs to the Utilities, the Green Bank desires to fund its cost recovery under the RSIP by selling notes secured by the SHREC Receivables under the Master Purchase Agreements and other assets of the Issuer; and

WHEREAS, the Board of Directors has determined that it is in the best interest of the Green Bank to form a special purpose Delaware limited liability company that is a wholly-owned subsidiary of the Green Bank to enter into a trust indenture that will allow the Green Bank to issue one or more series of notes, with the obligations under each separate series of notes secured by SHREC Receivables from one or more of the SHREC Tranches and other assets of the issuer of the notes; and

WHEREAS, the Green Bank has formed SHREC ABS 1 LLC (the "**Issuer**") as a special purpose Delaware limited liability company that is a wholly-owned subsidiary of the Green Bank for the purpose of issuing the notes; and

WHEREAS, the Green Bank considers it necessary, appropriate and desirable to offer for sale, and to sell two classes (each, a "**Class**") of Series 2019-1 Notes as follows: (i) approximately $36,800,000 of Class A Notes (the "**Series 2019-1 Class A Notes**") and (ii) approximately $1,800,000 of Series 2019-1 of Class B Notes (the "**Series 2019-1 Class B Notes**", and together with the Series 2019-1 Class A Notes, the "**Series 2019-1 Notes**") in offerings intended to be exempt from registration under the Securities Act of 1933, as amended (the "**Securities Act**") or registered or qualified under any state securities laws, by virtue of the Series 2019-1 Notes not being offered or sold within the United States to U.S. persons except to "qualified institutional purchasers" as defined in Rule 144A under the Securities Act or offered or sold only to non-U.S. persons in transactions outside of the United States and in reliance on Regulation S (the "**Offering**"); and

WHEREAS, the Board of Directors of the Green Bank has determined that it is in the best interest of the Green Bank to enter into and approve the Offering;

NOW, THEREFORE, BE IT

RESOLVED, that the form, terms and provisions of the Preliminary Offering Memorandum for the Offering dated as of or about March 11, 2019 and the Final Offering Memorandum for the Offering dated as of or about March 28, 2019 be, and they hereby are, approved; and further

RESOLVED, that in connection with the Offering, the President and any officer the Green Bank (each, a "**Proper Officer**") be, and each of them acting individually hereby is, authorized and directed in the name and on behalf of the Green Bank to prepare and deliver, or cause to be prepared and delivered, a Preliminary Offering Memorandum and a Final Offering Memorandum relating to the Offering, including any revisions thereof and amendments and supplements thereto containing such information and including any and all exhibits and other documents relating thereto, and to prepare and deliver, or cause to be prepared and delivered, any other certificates, instruments, papers and other documents, and to take any and all such further action, as may be deemed

necessary, appropriate or desirable by any Proper Officer of the Green Bank in connection with the foregoing; and further

RESOLVED, that the Green Bank enter into an Operating Agreement for the Issuer that provides for an independent manager and special member with the intention of creating a bankruptcy remote subsidiary to acquire, own, hold, administer, finance, manage, sell and pledge a pool of renewable energy credits generated under the Green Bank's Solar Home Renewable Credit program and the issuance of one or more classes or series of notes to be paid solely from, and secured by, such assets pursuant to the terms of a trust indenture and one or more supplements thereto between the Green Bank and The Bank of New York Mellon Trust Company, N.A., as Trustee; and further

RESOLVED, that the form, terms and provisions of the Operating Agreement be, and they hereby are, approved; and further

RESOLVED, that the Green Bank enter into a Management Agreement with the Issuer, under which the Manager will act on behalf of the Issuer with respect to certain actions relating to the Collateral, including managing the Issuer's rights and obligations under the Master Purchase Agreements, the purchase and sale of SHRECs on behalf of the Issuer and exercising certain other rights and perform certain other duties on behalf of the Issuer; and further

RESOLVED, that the form, terms and provisions of the Management Agreement be, and they hereby are, approved; and further

RESOLVED, that the Green Bank enter into the Sale and Contribution Agreement between the Green Bank and the Issuer under which the Green Bank will sell and transfer to the Issuer all of the Green Bank's right, title and interest in and to the SHREC Receivables in respect of SHRECs in SHREC Tranche 1 and SHREC Tranche 2 under the Master Purchase Agreements, all related assets, all payments made or to be made by any Person on or after the related Series 2019-1 cut-off date in respect of such SHRECs, and the "**SHREC Assets**" (consisting of any additional SHRECs and the SHREC Receivables in respect of the Series 2019-1 SHRECs, and all rights and obligations of the Green Bank relating to the Series 2019-1 SHRECs and SHREC Tranche 1 and SHREC Tranche 2 under the Master Purchase Agreements and all related assets), and all proceeds of any of the and all of the related assets generated under the Master Purchase Agreements (the "**Series 2019-1 Collateral**"); and further

RESOLVED, that the form, terms and provisions of the Sale and Contribution Agreement be, and they hereby are, approved; and further

RESOLVED, that the Green Bank, as Manager of the Issuer, enter into a Base Indenture and a series indenture supplement thereto (the "**Series 2019-1 Indenture Supplement**"), between the Issuer and The Bank of New York Mellon Trust Company, N.A., as Trustee (the "**Indenture**"), pursuant to which the Issuer will assign to the Trustee for the benefit of the holders of the Series 2019-1 Notes all of the Series 2019-1 Collateral; and further

RESOLVED, that the form, terms and provisions of the Base Indenture and the Series 2019-1 Indenture Supplement be, and they hereby are, approved; and further

RESOLVED, that the Series 2019-1 Notes be sold to the RBC Capital Markets, LLC, as the initial purchaser (the "**Initial Purchaser**"), under the terms and conditions of a Note Purchase Agreement entered into by the Issuer in connection with the issuance of the Series 2019-1 Notes; and further

RESOLVED, that the form, terms and provisions of the Series 2019-1 Notes be, and they hereby are, approved; and further

RESOLVED, that the Proper Officers be, and each of them individually hereby is, authorized and empowered, in the name and on behalf of the Green Bank, to execute and deliver each of the Operating Agreement, the Management Agreement, the Sale and Contribution Agreement, the Base Indenture, the Series 2019-1 Indenture Supplement, the Note Purchase Agreement, and the Series 2019-1 Notes, with such modifications, amendments or changes therein as the Proper Officer executing the same may approve, such approval and the approval thereof by such Proper Officer, to be conclusively established by such execution and delivery; and to execute and deliver any and all instruments, certificates, receipts, undertakings, commitments, consents, representations, financing statements, control agreements and other ancillary documents contemplated by any of the foregoing agreements; and to take any and all actions that any of such Proper Officers may deem necessary or advisable in order to obtain a permit, register or qualify the Series 2019-1 Notes issuable in the Offering for issuance and sale or to make any and all required filings with respect to, or request an exemption from registration of, the Series 2019-1 Notes issuable in the Offering or to register or obtain a license for the Green Bank as a dealer or broker under the securities laws of such of the states of the United States of America as the Proper Officers may deem advisable, and in connection with such permits, registrations, qualifications, notice filings, exemptions and licenses; and to execute, acknowledge, verify, deliver, file and publish all such applications, reports, notices, issuer's covenants, resolutions, irrevocable consents to service of process, powers of attorney and other papers and instruments and pay all such fees and expenses as may be required under such laws, and to take any and all further action which they may deem necessary or advisable in order to maintain any such registration in effect for as long as they deem to be in the best interests of the Green Bank; and further

RESOLVED, that if any such jurisdiction in which any applications, statements or other documents are filed requires a prescribed form of resolution or resolutions, such resolution(s) shall be deemed to have been, and each of them hereby is, expressly adopted and made a part of these resolutions as if such resolutions were expressly set forth herein, and that the Secretary or any Assistant Secretary of the Green Bank be, and each of them individually hereby is, authorized, empowered and directed, in the name and on behalf of the Green Bank, to certify the adoption of any and all such resolutions as though such resolutions were expressly set forth herein and adopted hereby; and further

RESOLVED, that Bryan Garcia, as President of the Green Bank hereby is, authorized, empowered and directed for and on behalf of the Green Bank, to take or cause to be taken all such action and to execute and deliver or cause to be executed and delivered, and, if appropriate, file or record, or cause to be filed and recorded, all such applications, agreements, contracts, undertakings, commitments, consents, certificates, reports, affidavits, statements, and other documents, instruments or papers as such officer deems necessary, and to make such payments desirable or appropriate to carry out and consummate the intent and purposes of the foregoing resolutions and/or all of the

transactions contemplated therein or thereby, the authorization therefor to be conclusively evidenced by the taking of such action or the execution and delivery of such agreements, amendments to agreements, certificates, instruments, agreements or documents; and further

RESOLVED, that to the extent that any act, action, filing, undertaking, execution or delivery authorized or contemplated by these resolutions has been previously accomplished, all of the same is hereby ratified, confirmed, accepted, approved and adopted by the Board of Directors as if such actions had been presented to the Board of Directors for its approval before any such action's being taken, agreement being executed and delivered, or filing being effected.

4. Investment Business Updates and Recommendations – 15 minutes

   a. Proposed Reallocation of Exposure to FuelCell Energy Credit Exposure

Resolution #2

WHEREAS, in early 2008, the Connecticut Clean Energy Fund ("CCEF") released a Request for Proposals in the third round of solicitations for renewable energy projects to participate in statutorily mandated Project 150, an initiative aimed at increasing clean energy supply in Connecticut by at least 150MW of installed capacity and the program is designed to encourage financing of renewable energy projects through the stability of long-term energy purchase agreements for grid-tied projects;

WHEREAS, FuelCell Energy, Inc. ("FCE") submitted a proposal for the 14.9 MW fuel cell project located in Bridgeport, CT (the "Project") in response which, after thorough review, was ultimately selected and ranked by CCEF as the number one project out of the nine projects submitted in the third round;

WHEREAS, CCEF, by Board resolution dated October 27, 2008, approved grant funding for the Project in an amount of $1,550,000 subject to conditions set forth in the Project 150 Program;

WHEREAS, the Connecticut Green Bank ("Green Bank"), by Board of Directors ("Board") resolution dated November 30, 2012, approved loan financing for the Project in an amount not to exceed $5.8 million for the purposes of funding Project development costs and an operational and performance reserve account;

WHEREAS, the Green Bank has maintained its commitment to the growth, development, and commercialization of renewable energy sources and related enterprises, and to stimulate demand for renewable energy and the deployment of renewable energy sources that serve end use customers in Connecticut, including projects that utilize fuel cell technology;

WHEREAS, the in December 2018, the Board approved a repurposing of the original $5.8 million loan approved for the Project (the "Original Use Loan"), which has since increased in principal to $6,026,165 due to capitalized interest, as a subordinate loan secured by all Project assets and cashflows for the purpose of participation in a financing facility that facilities FCE's acquisition of the Project from its current owner (the "Refinanced Loan"); and

WHEREAS, the Green Bank Deployment Committee (the “Deployment Committee”) recommends to the Board the approval of a Performance Assurance Finance Facility (the “PAFF”) in an amount not to exceed $1.8 million to FuelCell Energy, Inc. on a full recourse basis and secured by all Project assets and cashflows, subordinated to the Senior Lenders and pari passu with the Refinanced Loan for the purpose of participation in a financing facility that facilitates FCE’s acquisition of the Project from its current owner.

NOW, therefore be it:

RESOLVED, that the Board hereby approves the PAFF substantively in the form described in the Project Qualification Memo submitted by the staff to the Board and dated March 27, 2019 (the “Memorandum”) as a Strategic Selection and Award pursuant to the Green Bank Operating Procedures Section XII given the special capabilities, uniqueness, strategic importance, urgency and timeliness, and multi-phase characteristics of the Bridgeport Fuel Cell Project.

RESOLVED, that the proper Green Bank 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

Next Regular Meeting: Friday, April 26, 2019 from 3:00-5:00 p.m.
Connecticut Green Bank, 845 Brook Street, Rocky Hill, CT

Board of Directors Meeting

March 29, 2019

Colonel Albert Pope Board Room

Board of Directors

Agenda Item #1

Call to Order

Board of Directors

Agenda Item #2

Public Comments

Board of Directors

Agenda Item #3a

Incentive Business

SHREC Securitization – Final Approval

SHREC 2019-1

Transaction Highlights

- The Connecticut Green Bank expects to issue its inaugural ABS transaction, backed by cash flows received from Solar Home Renewable Energy Credits (“SHRECs”).
  - A SHREC is created when qualifying residential solar PV systems participating in the Green Bank’s Residential Solar Incentive Program (“RSIP”) generate 1 MW hour of electricity.
  - Under a Master Purchase Agreement, the Green Bank sells SHREC tranches to CT’s two investment grade utilities at a predetermined price over a 15 year tranche lifetime.
- SHREC 2019-1 is a verified green bond certified by Kestrel Verifiers.
  - Climate Action Reserve will provide an impact statement.
- The transaction is expected to have a Kroll-rated senior-subordinate structure:

Indicative Capital Structure

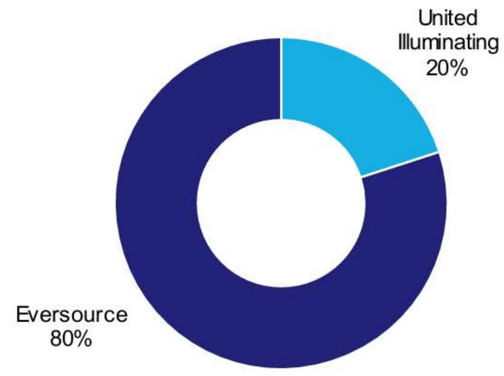
Class	Balance ($)	WAL	Kroll Rating	Advance Rate (%)
A	36,800,000	7.78	A-	80.2%
B	1,800,000	7.78	BBB-	84.1%
Total	**38,600,000**	**7.78**		**84.1%**

- Credit enhancement will consist of subordination of the Class B note, overcollateralization and a liquidity reserve.
  - The structure also includes investor friendly features including a DSCR Early Amortization Event trigger to accelerate notes in the event of lower than expected production, and a DSCR Sequential Interest Amortization Event trigger, providing additional protection for the Class A.

SHREC 2019-1
Opportunity

Investment Grade Utility Payers

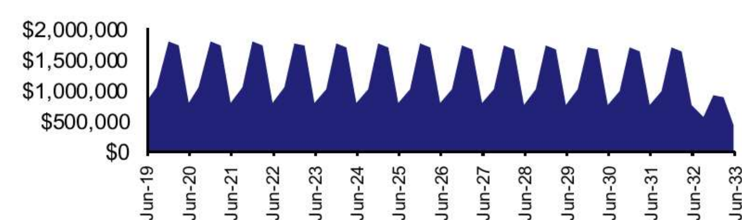
- Unlike other solar ABS transactions which rely on consumers to make payments on loans/leases, SHREC 2019-1 receives payments from Connecticut's two IG rated utilities
- Eversource (A3/A+) and United Illuminating (Baa1/A-) purchase 80% and 20% of the SHRECs generated, respectively



Fixed Price for SHRECs

- The purchase price of a SHREC is set by the MPA and is fixed over the 15 year life of each tranche
- SHRECs generated by Tranche 1 systems are purchased at $50/SHREC while Tranche 2 are purchased at $49/SHREC

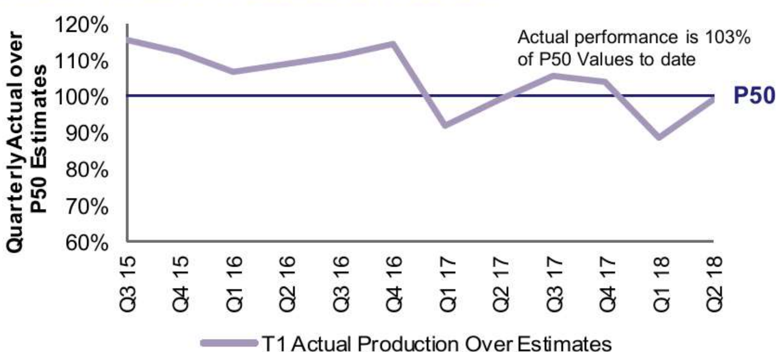
Tranche 1 and Tranche 2 Projected Cash Flow



Strong Historical Performance

- Quarterly vintages continue to exhibit strong performance relative to P50 estimates
- Tranche 1 has exceeded P50 estimates, while Tranche 2 performance is stabilizing as the underlying systems mature

Tranche 1 Actual over Estimated Production



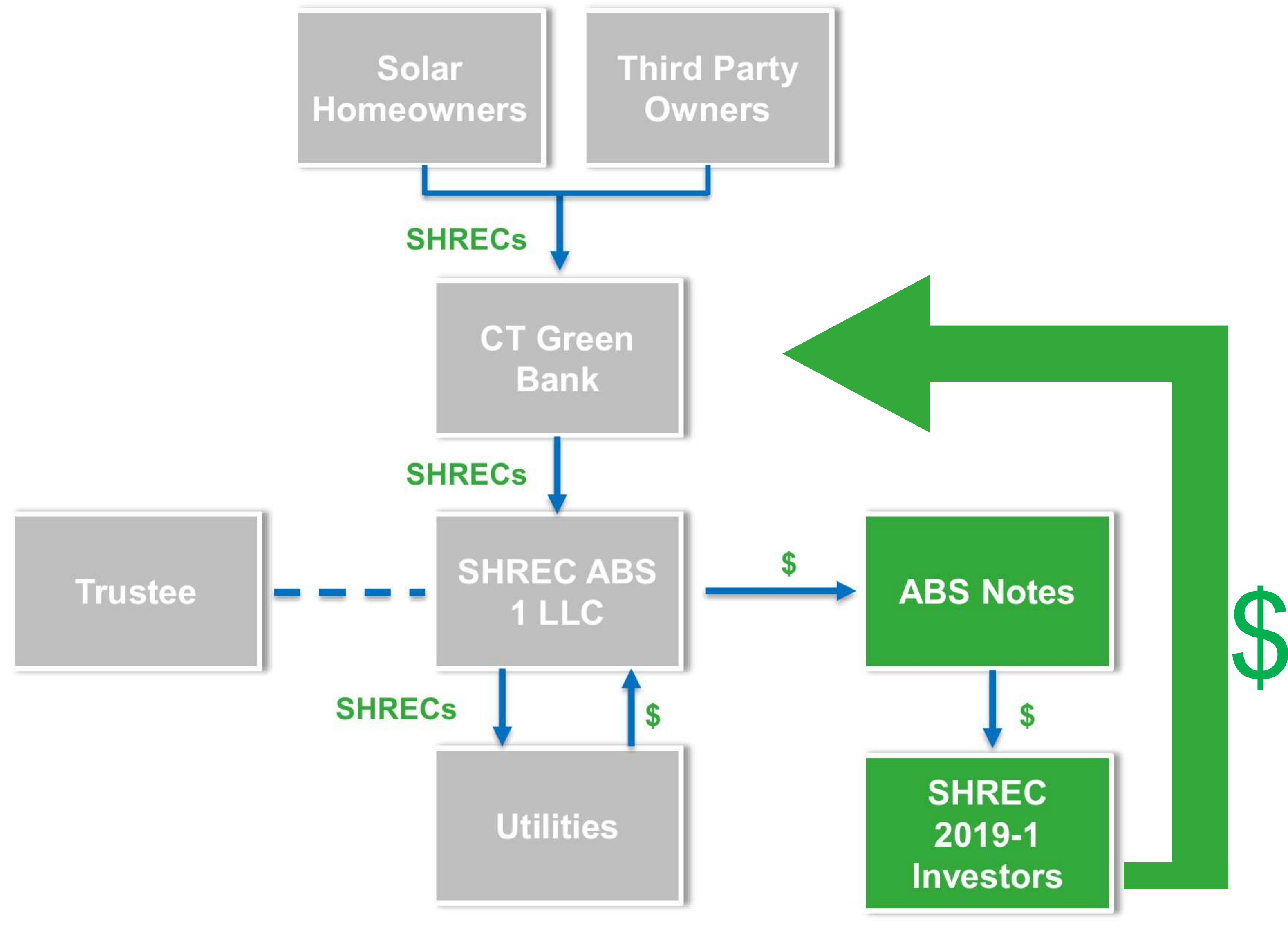
Note: Systems younger than 6 months excluded

Robust Transaction Structure

- SHREC 2019-1 Kroll-rated senior-subordinated structure has been optimized for the current market and includes investor-friendly features
  - DSCR Early Amortization Event trigger results in an acceleration if production is lower than expected
  - DSCR Sequential Interest Amortization Event trigger provides extra protection for the Class A
  - Liquidity Reserve covers 6 months of interest

SHREC 2019-1

Transaction Diagram



SHREC 2019-1

Priority of Payments

SHREC 2019-1
Final Approval

CONNECTICUT GREEN BANK

- **Structure** – The bond is structured in two 'Classes'
  - Senior Notes, Class A, are valued at $36.8 million
  - Subordinate Notes, Class B, are valued at $1.8 million
- **Kroll rating** – Kroll provided a rating of
  - "A-" on the Class A
  - "BBB-" on the Class B
  - Fully *investment grade* transaction & **NO USE OF THE SCRF**
- **Pricing** – Pricing agreed on March 26 2019 with an investor
  - 5.15% on the Class A (swaps +285 vs "price talk" of +250)
  - 7.15% on the Class B (swaps +285 vs "price talk" of +250)
  - The investor has placed its order for the full $38.6 million Notes
- **Transaction closing timeline** – scheduled April 2 2019 to close the transaction and receive funds

SHREC 2019-1

Final Approval

Proceeds					
Class		**Notional**	**Price**		**Gross Proceeds**
A	$	36,800,000.00	99.81677%	$	36,732,571.36
B	$	1,800,000.00	99.72101%	$	1,794,978.18
Total	**$**	**38,600,000.00**		**$**	**38,527,549.54**

Underwriting Fee			
Underwriting Fee			
RBC	*Sole Structuring Agent and Sole Bookrunner*	$	1,000,000.00
Total		**$**	**1,000,000.00**

RBC Reimbursements		
Out of Pocket Expenses (filing fees, deal posting room, extra modeling fee, etc.)		
Total	**$**	**18,746.00**

Reserve Accounts		
Reserve Accounts Funded at Closing		
Series 2019-1 Liquidity Reserve Account	$	999,920.00
Series 2019-1 Trustee Priority Reserve Account	$	165,000.00
Total	**$**	**1,164,920.00**

Expenses to Connecticut Green Bank		
Legal		
Pullman & Comley (Issuer's Counsel) - **estimated**	$	200,000.00
King & Spalding (Underwriter's Counsel) - **firm**	$	425,000.00
Rating Agencies		
Kroll Bond Ratings	$	65,000.00
Accountants		
KPMG	$	50,000.00
Indenture Trustee		
BNY Mellon	$	10,000.00
Bryan Cave Leighton Paisner LLP	$	20,000.00
Modeling		
T-REX	$	10,000.00
Technical Due Diligence		
DNV GL	$	20,000.00
Total	**$**	**20,000.00**

Bond Proceeds		
Gross Proceeds	$	38,527,549.54
Underwriting Fee	$	1,000,000.00
Out of Pocket Expenses	$	18,746.00
Net Bond Proceeds after Underwriting Fees and Out of Pocket Expenses to Connecticut Green	**$**	**37,508,803.54**
Total Expenses	$	800,000.00
Reserve Accounts Funded at Closing	$	1,164,920.00
Total Proceeds to Connecticut Green Bank Net of Expenses and Reserve Amount	$	35,543,883.54

SHREC 2019-1
Resolution (1)

Preamble and Resolutions

Proposed for Adoption by Connecticut Green Bank Board of Directors

Special Meeting March 29, 2019

WHEREAS, pursuant to Connecticut's Residential Solar Incentive Program ("**RSIP**"), the Green Bank provides incentives to homeowners and third-party system owners ("**TPOs**") to deploy residential photovoltaic ("**PV**") systems (each, a "**SHREC System**"); and

WHEREAS, pursuant to Public Act No. 16-212 and Public Act No. 15-194, the Green Bank acquires a specific type of Renewable Energy Credit ("**REC**") called a "solar home renewable energy credit" and the related environmental attributes (collectively, a "**SHREC**") from the homeowners and TPOs receiving RSIP incentives and producing PV energy, and then sells such SHRECs to each of The Connecticut Light and Power Company d/b/a Eversource Energy ("**Eversource**") and The United Illuminating Company ("**United Illuminating**" and together with Eversource, each, a "**Utility**" and together, the "**Utilities**") pursuant to two 15-year contracts dated as of February 7, 2017 and amended as of July 30, 2018 (each, a "**Master Purchase Agreement**" and together, the "**Master Purchase Agreements**"); and

WHEREAS, the SHRECs are divided into tranches based on the calendar year in which the related SHREC System was installed (each, a "**SHREC Tranche**"), and the revenue received from the Utilities under each Master Purchase Agreement for SHRECs actually produced at the price determined by Green Bank for each SHREC (the "**SHREC Receivables**") is established for each SHREC Tranche; and

WHEREAS, the SHRECs related to SHREC Systems for which a tranche was created in 2017 are referred to as "**SHREC Tranche 1,** and the SHRECs related to SHREC Systems for which a tranche was created in 2018 are referred to as "**SHREC Tranche 2**"; and

SHREC 2019-1
Resolution (2)

WHEREAS, as the Green Bank acquires the SHRECs from the homeowners and TPOs and before selling the SHRECs to the Utilities, the Green Bank desires to fund its cost recovery under the RSIP by selling notes secured by the SHREC Receivables under the Master Purchase Agreements and other assets of the Issuer; and

WHEREAS, the Board of Directors has determined that it is in the best interest of the Green Bank to form a special purpose Delaware limited liability company that is a wholly-owned subsidiary of the Green Bank to enter into a base indenture that will allow the Green Bank to issue one or more series of notes pursuant to one or more series indenture supplements thereto, with the obligations under each separate series of notes secured by SHREC Receivables from one or more of the SHREC Tranches and other assets of the issuer of the notes; and

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WHEREAS, the Green Bank has formed SHREC ABS 1 LLC (the "**Issuer**") as a special purpose Delaware limited liability company that is a wholly-owned subsidiary of the Green Bank for the purpose of issuing the notes; and

WHEREAS, the Green Bank considers it necessary, appropriate and desirable to offer for sale, and to sell two classes (each, a "**Class**") of Series 2019-1 Notes as follows: (i) approximately $36,800,000 of Class A Notes (the "**Series 2019-1 Class A Notes**") and (ii) approximately $1,800,000 of Series 2019-1 of Class B Notes (the "**Series 2019-1 Class B Notes**", and together with the Series 2019-1 Class A

SHREC 2019-1
Resolution (3)

Notes, the "**Series 2019-1 Notes**") in offerings intended to be exempt from registration under the Securities Act of 1933, as amended (the "**Securities Act**") or registered or qualified under any state securities laws, by virtue of the Series 2019-1 Notes not being offered or sold within the United States to U.S. persons except to "qualified institutional purchasers" as defined in Rule 144A under the Securities Act or offered or sold only to non-U.S. persons in transactions outside of the United States and in reliance on Regulation S (the "**Offering**"); and

WHEREAS, the Board of Directors of the Green Bank has determined that it is in the best interest of the Green Bank to enter into and approve the Offering;

NOW, THEREFORE, BE IT

RESOLVED, that the form, terms and provisions of the Preliminary Offering Memorandum for the Offering dated as of or about March 11, 2019 and the Final Offering Memorandum for the Offering dated as of or about March 27, 2019 be, and they hereby are, approved; and further

RESOLVED, that in connection with the Offering, the President and any Officer the Green Bank (each, a "**Proper Officer**") be, and each of them acting individually hereby is, authorized and directed in the name and on behalf of the Green Bank to prepare and deliver, or cause to be prepared and delivered, a Preliminary Offering Memorandum and a Final Offering Memorandum relating to the Offering, including any revisions thereof and amendments and supplements thereto containing such information and including any and all exhibits and other documents relating thereto, and to prepare and deliver, or cause to be prepared and delivered, any other certificates, instruments, papers and other documents, and to take any and all such further action, as may be deemed necessary, appropriate or desirable by any Proper Officer of the Green Bank in connection with the foregoing; and further

SHREC 2019-1
Resolution (4)

RESOLVED, that the Green Bank enter into a Limited Liability Company Agreement for the Issuer that provides for an independent manager and special member with the intention of creating a bankruptcy remote subsidiary to acquire, own, hold, administer, finance, manage, sell and pledge a pool of renewable energy credits generated under the Green Bank's Solar Home Renewable Credit program and the issuance of one or more classes or series of notes to be paid solely from, and secured by, such assets pursuant to the terms of a base indenture and one or more supplements thereto between the Green Bank and The Bank of New York Mellon Trust Company, N.A., as Trustee; and further

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RESOLVED, that the form, terms and provisions of the Limited Liability Company Agreement be, and they hereby are, approved; and further

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RESOLVED, that the Green Bank enter into a Management Agreement with the Issuer, under which the Manager will act on behalf of the Issuer with respect to certain actions relating to the Collateral (as defined in the Base Indenture), including managing the Issuer's rights and obligations under the Master Purchase Agreements, the purchase and sale of SHRECs on behalf of the Issuer and exercising certain other rights and perform certain other duties on behalf of the Issuer; and further

RESOLVED, that the form, terms and provisions of the Management Agreement be, and they hereby are, approved; and further

RESOLVED, that the Green Bank enter into the Sale and Contribution Agreement between the Green Bank and the Issuer under which the Green Bank will sell and transfer to the Issuer all of the Green Bank's right, title and interest in and to the SHREC Receivables in respect of SHRECs in SHREC

SHREC 2019-1
Resolution (5)

Tranche 1 and SHREC Tranche 2 under the Master Purchase Agreements, all related assets, all payments made or to be made by any Person on or after the related Series 2019-1 cut-off date in respect of such SHRECs, and the "**SHREC Assets**" (consisting of any additional SHRECs and the SHREC Receivables in respect of the Series 2019-1 SHRECs, and all rights and obligations of the Green Bank relating to the Series 2019-1 SHRECs and SHREC Tranche 1 and SHREC Tranche 2 under the Master Purchase Agreements and all related assets), and all proceeds of any of the and all of the related assets generated under the Master Purchase Agreements (the "**Series 2019-1 Collateral**") and such additional SHRECs and related rights as may be transferred by the Green Bank to the Issuer at a later transfer date; and further

RESOLVED, that the form, terms and provisions of the Sale and Contribution Agreement be, and they hereby are, approved; and further

RESOLVED, that the Green Bank, as Manager of the Issuer, enter into a Base Indenture and a series indenture supplement thereto (the "**Series 2019-1 Indenture Supplement**"), between the Issuer and The Bank of New York Mellon Trust Company, N.A., as Trustee (the "**Indenture**"), pursuant to which the Issuer will assign to the Trustee for the benefit of the holders of the Series 2019-1 Notes all of the Series 2019-1 Collateral; and further

RESOLVED, that the form, terms and provisions of the Base Indenture and the Series 2019-1 Indenture Supplement be, and they hereby are, approved; and further

RESOLVED, that the Series 2019-1 Notes be sold to the RBC Capital Markets, LLC, as the initial purchaser (the "**Initial Purchaser**"), under the terms and conditions of a Note Purchase Agreement entered into by the Issuer in connection with the issuance of the Series 2019-1 Notes; and further

RESOLVED, that the form, terms and provisions of the Series 2019-1 Notes be, and they hereby are, approved; and further

SHREC 2019-1
Resolution (6)

RESOLVED, that certain of the Series 2019-1 Collateral shall be pledged pursuant to the Collateral Account Control Agreements with The Bank of New York Mellon Trust Company, N.A., as securities intermediary, pledgee or trustee (the "**Account Control Agreements**); and further

RESOLVED, that the form, terms and provisions of the Account Control Agreements be, and they hereby are, approved; and further

RESOLVED, that the Proper Officers be, and each of them individually hereby is, authorized and empowered, in the name and on behalf of the Green Bank, to execute and deliver each of the Limited Liability Company Agreement, the Management Agreement, the Sale and Contribution Agreement, the Base Indenture, the Series 2019-1 Indenture Supplement, the Note Purchase Agreement, the Account Control Agreements and the Series 2019-1 Notes, with such modifications, amendments or changes therein as the Proper Officer executing the same may approve, such approval and the approval thereof by such Proper Officer, to be conclusively established by such execution and delivery; and to execute and deliver any and all instruments, certificates, receipts, undertakings, commitments, consents, representations, financing statements, control agreements and other ancillary documents contemplated by any of the foregoing agreements; and to take any and all actions that any of such Proper Officers may deem necessary or advisable in order to obtain a permit, register or qualify the Series 2019-1 Notes issuable in the Offering for issuance and sale or to make any and all required filings with respect to, or request an exemption from registration of, the Series 2019-1 Notes issuable in the Offering or to register or obtain a license for the Green Bank as a dealer or broker under the securities laws of such of the states of the United States of America as the

Proper Officers may deem advisable, and in connection with such permits, registrations, qualifications, notice filings, exemptions and licenses; and to execute, acknowledge, verify, deliver, file and publish all such applications, reports, notices, issuer's covenants, resolutions, irrevocable consents to service of process, powers of attorney and other papers and instruments and pay all such fees and expenses as may be required under such laws, and to take any and all further action which they may deem necessary or advisable in order to maintain any such registration in effect for as long as they deem to be in the best interests of the Green Bank; and further

Deleted: Operating

SHREC 2019-1
Resolution (7)

RESOLVED, that if any such jurisdiction in which any applications, statements or other documents are filed requires a prescribed form of resolution or resolutions, such resolution(s) shall be deemed to have been, and each of them hereby is, expressly adopted and made a part of these resolutions as if such resolutions were expressly set forth herein, and that the Secretary or any Assistant Secretary of the Green Bank be, and each of them individually hereby is, authorized, empowered and directed, in the name and on behalf of the Green Bank, to certify the adoption of any and all such resolutions as though such resolutions were expressly set forth herein and adopted hereby; and further

RESOLVED, that Bryan Garcia, as President of the Green Bank hereby is, authorized, empowered and directed for and on behalf of the Green Bank, in its own capacity and as member and manager of SHREC ABS 1 LLC, to take or cause to be taken all such action and to execute and deliver or cause to be executed and delivered, and, if appropriate, file or record, or cause to be filed and recorded, all such applications, agreements, contracts, undertakings, commitments, consents, certificates, reports, affidavits, statements, and other documents, instruments or papers as such officer deems necessary, and to make such payments desirable or appropriate to carry out and consummate the intent and purposes of the foregoing resolutions and/or all of the transactions contemplated therein or thereby, the authorization therefor to be conclusively evidenced by the taking of such action or the execution and delivery of such agreements, amendments to agreements, certificates, instruments, agreements or documents; and further

RESOLVED, that to the extent that any act, action, filing, undertaking, execution or delivery authorized or contemplated by these resolutions has been previously accomplished, all of the same is hereby ratified, confirmed, accepted, approved and adopted by the Board of Directors as if such actions had been presented to the Board of Directors for its approval before any such action's being taken, agreement being executed and delivered, or filing being effected.

Deployment Committee

Agenda Item #4a

Investment Business

Proposed Reallocation of Exposure to FuelCell Energy Credit Exposure

FuelCell Energy
Reallocation of Credit Exposure

- **Since last board meeting – great progress**
  - **New London Subbase 7.4mw Fuel Cell (FCE)**
    - ~$23m Construction Loan Commitment from 5th 3rd Bank
    - ~$18m Term Loan "take out" Commitment from Liberty Bank & Amalgamated Bank
    - $5m Term Loan (subordinated) Commitment from Green Bank
    - **Closed**
  - **Bridgeport FuelCell Park Acquisition financing facility**
    - $25m Term Loan Commitment from Liberty Bank & 5th 3rd Bank
    - $6m Term Loan (subordinated) Commitment from Green Bank
    - **Closing by April 12**
  - **Final terms of amortization profile being negotiated**
  - **Might involve some "sculpting" of Green Bank's amortization but with ultimate maturity dates in line with Board approval**

FuelCell Energy

Reallocation of Credit Exposure (2)

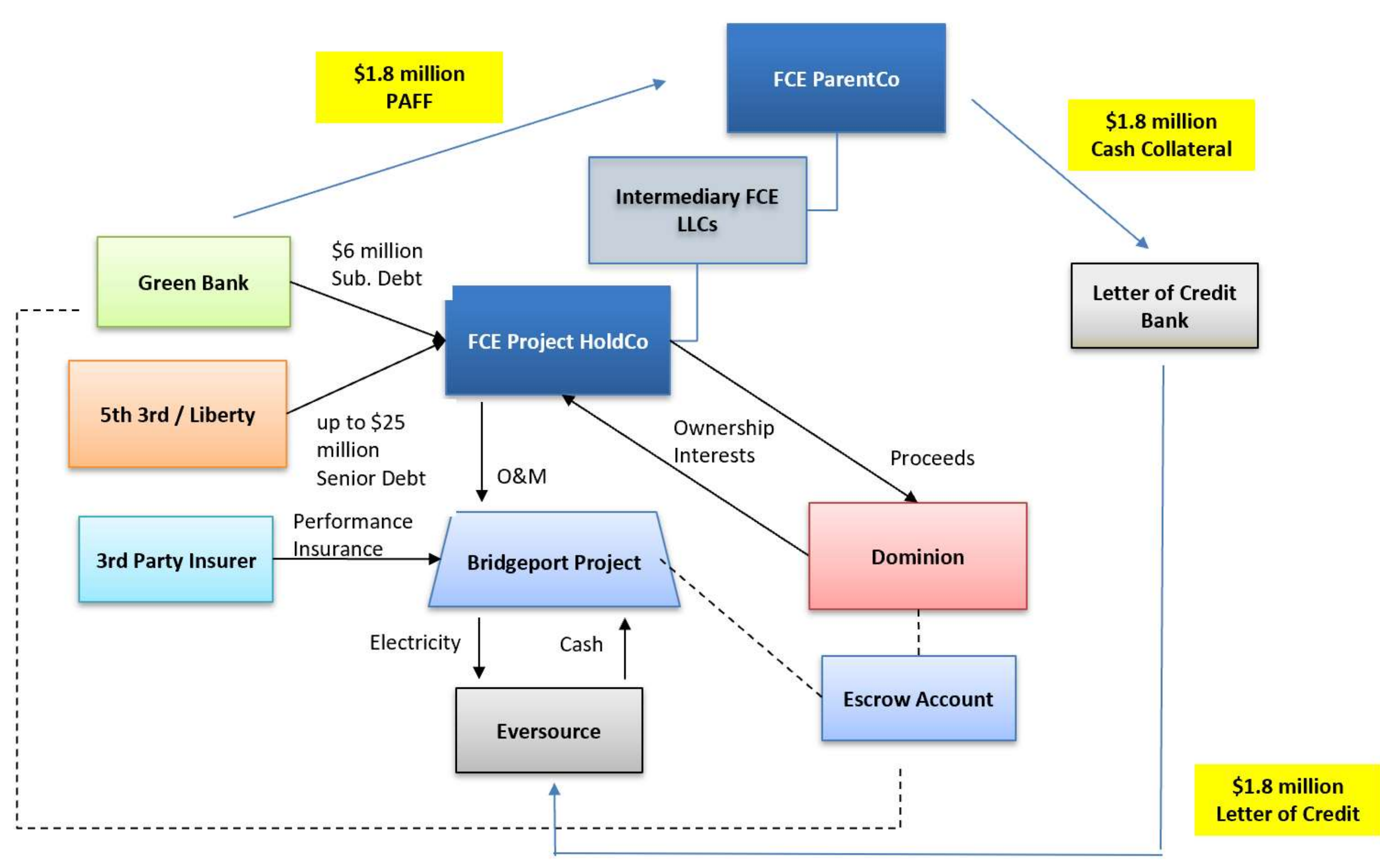
- Acquisition Financing for FCE to Acquire Bridgeport Fuel Cell Project (project SPV) from Dominion Energy ("Dominion")
  - Liberty Bank & Fifth Third Bank co-lenders Senior ($25m)
  - Green Bank subordinate loan ($6m → reallocated from existing loan BFCP)
  - **Closing by April 12**
- Existing transaction requires Project SPV to place "performance assurance" with Eversource as required under Energy Purchase Agreement ("EPA") .. Currently Dominion satisfies with corporate guaranty
- FCE's SPV will need to source a letter of credit to satisfy this requirement
- L/C will need to be cash collateralized ($1.8m)
- Similar to existing loan to FCE (the $6m being reallocated from cash collateral for O&M) *proposal is to fund the cash collateral needed to backstop the L/C for Eversource by **reallocating exposure from Triangle***
- Reduce Triangle project from $5m to $3.2m (reduction of $1.8m)

FuelCell Energy
Reallocation of Credit Exposure (3)

- CGB has successfully repositioned FCE projects (Bridgeport & Groton) from higher cost / "private equity" and "specialty lender" capital to "mainstream" local and regional bank lenders (such as Liberty, Fifth/Third and Amalgamated)
- Using Green Bank capital subordinated to senior lenders –
  - $66m has been sourced using $11m of CGB capital (6:1)
- Bridgeport repays in 6 years (Sr) and 7 years (CGB)
- Proposal is to lend ***at the parent level*** approximately $1.8m to cash collateralize the L/C for Eversource
  - Security is FCE parent resources
  - Additional security at the Project SPV level (subordinated to Sr lenders)
  - Cash flow sweep (after CGB subordinated loan)
- With anticipated cash flow and **50% sweep** – CGB Performance Assurance Financing Facility is expected to repay 9 months before $6m subordinated loan (6-1/4 years)
- Both facilities will be repaid with an additional $40 million of free cash flow (last 3-4 years of Eversource contract)

FuelCell Energy
Reallocation of Credit Exposure (4)

CONNECTICUT GREEN BANK



FuelCell Energy
Reallocation of Credit Exposure (5)

Proforma Cash Flows

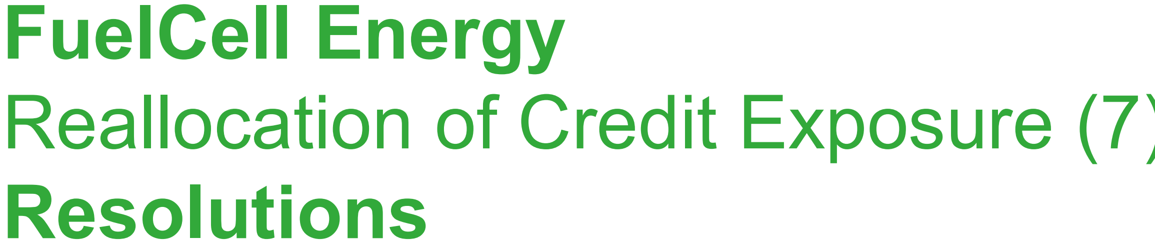
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Total Contracted Revenues	$ 10,115,767	$ 9,924,619	$ 9,832,829	$ 10,421,229	$ 10,617,629	$ 10,545,336	$ 10,545,336	$ 10,545,336	$ 10,545,336	$ 10,545,336
Total Expenses	$ (2,171,466)	$ (1,856,446)	$ (1,853,813)	$ (2,130,844)	$ (2,425,298)	$ (1,644,366)	$ (1,644,366)	$ (1,644,366)	$ (1,644,366)	$ (1,644,366)
Senior Debt DSCR										
Contracted CAFDS (Senior)	$ 7,944,301	$ 8,068,173	$ 7,979,016	$ 8,290,385	$ 8,192,331	$ 8,900,970	$ 8,900,970	$ 8,900,970	$ 8,900,970	$ 8,900,970
Uncontracted RECs ($5/REC/MWh)	$ 568,110	$ 557,375	$ 552,220	$ 585,265	$ 596,295	$ 592,235	$ 592,235	$ 592,235	$ 592,235	$ 592,235
Total CAFDS (Senior)	$ 8,512,411	$ 8,625,548	$ 8,531,236	$ 8,875,650	$ 8,788,626	$ 9,493,205	$ 9,493,205	$ 9,493,205	$ 9,493,205	$ 9,493,205
Senior Debt Service	$ (5,084,066)	$ (5,084,066)	$ (5,084,066)	$ (5,084,066)	$ (5,084,066)	$ (5,084,066)	$ -	$ -	$ -	$ -
ECF After Senior Debt Service	$ 3,428,345	$ 3,541,482	$ 3,447,170	$ 3,791,584	$ 3,704,560	$ 4,409,139	$ 9,493,205	$ 9,493,205	$ 9,493,205	$ 9,493,205
Senior Debt DSCR	1.67x	1.7x	1.68x	1.75x	1.73x	1.87x				
Junior Debt DSCR										
ECF After Senior Debt Service	$ 3,428,345	$ 3,541,482	$ 3,447,170	$ 3,791,584	$ 3,704,560	$ 4,409,139	$ 9,493,205	$ 9,493,205	$ 9,493,205	$ 9,493,205
Module Replacement Sweep	$ (2,400,000)	$ (2,400,000)	$ (2,400,000)	$ (2,400,000)	$ (2,400,000)	$ -	$ -	$ -	$ -	$ -
Total CAFDS (Junior)	$ 1,028,345	$ 1,141,482	$ 1,047,170	$ 1,391,584	$ 1,304,560	$ 4,409,139	$ 9,493,205	$ 9,493,205	$ 9,493,205	$ 9,493,205
Junior Debt Service	$ (802,434)	$ (802,434)	$ (802,434)	$ (802,434)	$ (1,152,434)	$ (1,152,434)	$ (1,152,434)	$ -	$ -	$ -
ECF After All Debt Service	$ 225,911	$ 339,048	$ 244,736	$ 589,150	$ 152,126	$ 3,256,705	$ 8,340,771	$ 9,493,205	$ 9,493,205	$ 9,493,205
Junior Debt DSCR	1.28x	1.42x	1.3x	1.73x	1.13x	3.83x	8.24x			
Junior Debt Balance	$ 4,585,331	$ 4,136,480	$ 3,650,630	$ 3,124,729	$ 2,194,837	$ 1,188,292	$ -	$ -	$ -	$ -
Module Replacement Account										
Cash Beginning Balance	$ 500,000	$ 3,125,911	$ 5,864,959	$ 4,509,695	$ 1,498,845					
Module Replacement Sweep	$ 2,400,000	$ 2,400,000	$ 2,400,000	$ 2,400,000	$ 2,400,000					
Excess Cash After Debt Service	$ 225,911	$ 339,048	$ 244,736	$ 589,150						
Module Replacement ($2MM)	$ -	$ -	$ (4,000,000)	$ (6,000,000)	$ (2,000,000)					
Cash Ending Balance	$ 3,125,911	$ 5,864,959	$ 4,509,695	$ 1,498,845	$ 1,898,845					
Pledged Modules (x2)										
Module Collateral Release										
Reserve Ending Balance										
L/C Sweep	$ -	$ -	$ -	$ -	$ -	$ 1,628,352	$ 152,685	$ -	$ -	$ -
L/C Loan Balance	$ 1,781,037	$ 1,781,037	$ 1,781,037	$ 1,781,037	$ 1,781,037	$ 1,373,949	$ -	$ -	$ -	$ -
Total Bridgeport Exposure	$ 6,366,368	$ 5,917,517	$ 5,431,667	$ 4,905,766	$ 3,975,874	$ 2,562,241	$ -	$ -	$ -	$ -

To summarize, the current Board-approved credit exposure to FCE is as follows:

Project	Financing Facility	Credit Exposure
Bridgeport (15 MW)	Acquisition Funding Facility - Subordinated	$ 6.0 million
Groton (7.4 MW)	Long Term Loan (construction takeout) - Subordinated	$ 5.0 million
Triangle (3.7 MW)	Long Term Loan (developer takeout) - Senior	$ 5.0 million
	Aggregate Exposure:	**$16.0 million**

Green Bank credit exposure to FCE following approval of the PAFF would be as follows:

Project	Financing Facility	Credit Exposure
Bridgeport (15 MW)	Acquisition Funding Facility – Subordinated	$ 6.0 million
Bridgeport (15 MW)	Performance Assurance Finance Facility – Subordinated	$ 1.8 million
Groton (7.4 MW)	Long Term Loan (construction takeout) – Subordinated	$ 5.0 million
Triangle (3.7 MW)	Long Term Loan (developer takeout) – Senior	$ 3.2 million
	Aggregate Exposure:	**$16.0 million**



FuelCell Energy
Reallocation of Credit Exposure (7)
Resolutions

RESOLVED, that the Board hereby approves the PAFF substantively in the form described in the Project Qualification Memo submitted by the staff to the Board and dated March 27, 2019 (the "Memorandum") as a Strategic Selection and Award pursuant to the Green Bank Operating Procedures Section XII given the special capabilities, uniqueness, strategic importance, urgency and timeliness, and multi-phase characteristics of the Bridgeport Fuel Cell Project.

RESOLVED, that the proper Green Bank 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.

Board of Directors

Agenda Item #5

Adjourn

845 Brook Street, Rocky Hill, CT 06067
T 860.563.0015
ctgreenbank.com

Memo

To: Connecticut Green Bank Board of Directors

From: Bert Hunter, EVP and CIO and Louise Venables, Senior Manager, Clean Energy Finance

CC: Bryan Garcia, President and CEO; Brian Farnen, General Counsel and CLO; Eric Shrago, Director of Operations, Jane Murphy, Acting Vice President of Finance and Administration; Selya Price, Director, Infrastructure Programs; Mike Yu, Associate Director, Clean Energy Finance

Date: March 29, 2019

Re: SHREC Securitization – Final Board Approval to Close the Transaction

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Introduction

As the Connecticut Green Bank (the “Green Bank”) Board of Directors (the “Board”) is aware, staff have been working to bring a green bond to market secured by receivables from Eversource and United Illuminating in respect of the Solar Home Renewable Energy Credit (“SHREC”) program. Staff and their investment bankers, Royal Bank of Canada Capital Markets (“RBC”) have now successfully arranged for the bonds to be acquired and this memorandum will explain the details of the arrangements (with closing set for April 2, 2019) and seek final Board approval for the transaction documentation. Attached to this memorandum in Appendix 4 is the staff memorandum in respect of the initial approval for the SHREC monetization transaction which was granted on April 27, 2018.

Background

The Green Bank administers the Residential Solar Investment Program (“RSIP”), which incentivizes and supports the deployment of up to 300 megawatts of residential solar photovoltaics (“PV”) for 1-4 family owner-occupied homes, whether these solar PV systems are owned by the homeowner or third-parties. As a consequence of providing incentives through RSIP, the Green Bank has the rights to the renewable energy credits (“RECs”) that are produced as the solar PV systems generate clean energy. Under a Master Purchase Agreement (“MPA”) between the Green Bank and Connecticut’s two investor-owned utilities (Eversource and United Illuminating, collectively the “Utilities”), the Green Bank aggregates RECs generated from solar PV systems participating in its RSIP into annual tranches, and sells those REC tranches to the Utilities at a fixed, predetermined price over a 15-year tranche lifetime (to distinguish RECs generated from residential solar PV systems awarded an RSIP incentive prior to January 1, 2015, RECs for

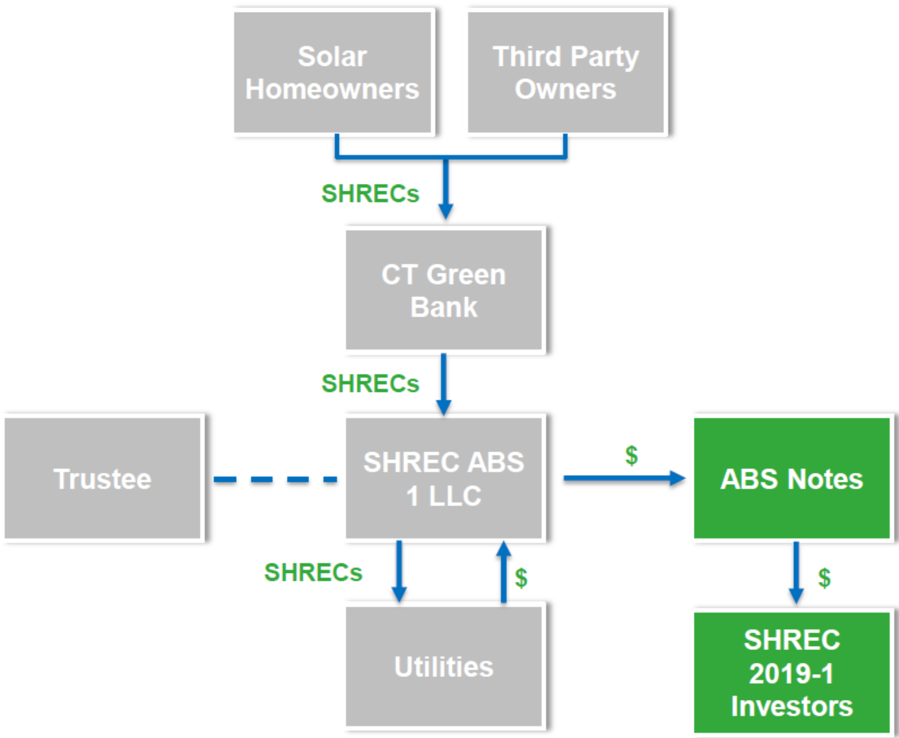
qualifying residential PV systems that have been awarded an RSIP incentive on or after January 1, 2015 are referred to as solar home renewable energy credits ("SHRECs")).

The Green Bank will securitize the stream of SHREC revenue under the MPA on a tranche by tranche basis. To date, two tranches, comprising over 14,000 SHREC-generating solar PV systems, have been approved by Connecticut's Public Utilities Regulatory Authority for inclusion under the MPA. Working alongside RBC, Green Bank's structuring and placement agent, the Green Bank has structured an asset-backed securitization ("ABS") transaction to monetize the SHREC revenue from these two tranches and, on Tuesday March 26th 2019, agreed pricing with an institutional investor who will purchase the ABS notes.

The Transaction (SHREC 2019-01)

Rated Notes				
Class	**Initial Amount ($)**	**Interest rate (%) (taxable)**	**Stated Maturity Date**	**Preliminary Kroll Rating**
A Notes	36,800,000	5.153%	June 15, 2044	A-
B Notes	1,800,000	7.153%	June 15, 2044	BBB-
Total	**38,600,000**			

SHREC 2019-01 comprises two classes of notes, A and B, which both received a preliminary investment grade rating from Kroll Bond Rating Agency ("Kroll"). In addition to its Kroll rating, SHREC 2019-01 is a green bond and will receive certification as such in conformation with the Climate Bonds Standard.



The schematic above identifies the parties involved and provides an overview of SHREC 2019-01, which is described in full detail in Appendices 1 and 2. Appendix 1 is the Kroll Pre-Sale Report that provides an independent evaluation of the transaction and was used by potential investors during the marketing of the deal. Appendix 2 is a summary of the Preliminary Offering Memorandum, which is in draft format as at March 27, 2019, and includes the detailed structuring information on the transaction.

SHREC 2019-01 cashflow waterfall

Per the terms of the transaction, principal and interest payments will be made on a quarterly basis to the buyer of SHREC 2019-01 notes. In addition to principal and interest payments, fees are payable to transaction parties and funds must be set aside to fund reserves. The priority of cash outflows is captured in the cashflow waterfall below.

The residual is the amount of cash remaining after fees have been paid, reserves funded, and principal and interest repayments made. The total residual amount for SHREC 2019-01 is estimated to be approximately $14 million.

Opinion of Green Bank's Financial Advisor

Green Bank has retained the services of Lamont Financial Services Corporation as its Financial Advisor for the SHREC securitization transaction. Their opinion concerning the transaction's pricing is to be found in Appendix 4.

Conclusion

The proposed transaction represents the Green Bank's first major bond. The recommendation to the Board is to approve the closing of SHREC 2019-01 for receipt of funds ($38.6 million, before fees) on April 2 2019.

Resolutions

WHEREAS, pursuant to Connecticut's Residential Solar Incentive Program ("**RSIP**"), the Green Bank provides incentives to homeowners and third-party system owners ("**TPOs**") to deploy residential photovoltaic ("**PV**") systems (each, a "**SHREC System**"); and

WHEREAS, pursuant to Public Act No. 16-212 and Public Act No. 15-194, the Green Bank acquires a specific type of Renewable Energy Credit ("**REC**") called a "solar home renewable energy credit" and the related environmental attributes (collectively, a "**SHREC**") from the homeowners and TPOs receiving RSIP incentives and producing PV energy, and then sells such SHRECs to each of The Connecticut Light and Power Company d/b/a Eversource Energy ("**Eversource**") and The United Illuminating Company ("**United Illuminating**" and together with Eversource, each, a "**Utility**" and together, the "**Utilities**") pursuant to two 15-year contracts dated as of February 7, 2017 and amended as of July 30, 2018 (each, a "**Master Purchase Agreement**" and together, the "**Master Purchase Agreements**"); and

WHEREAS, the SHRECs are divided into tranches based on the calendar year in which the related SHREC System was installed (each, a "**SHREC Tranche**"), and the revenue received from the Utilities under each Master Purchase Agreement for SHRECs actually produced at the price determined by Green Bank for each SHREC (the "**SHREC Receivables**") is established for each SHREC Tranche; and

WHEREAS, the SHRECs related to SHREC Systems for which a tranche was created in 2017 are referred to as "**SHREC Tranche 1,** and the SHRECs related to SHREC Systems for which a tranche was created in 2018 are referred to as "**SHREC Tranche 2**"; and

WHEREAS, as the Green Bank acquires the SHRECs from the homeowners and TPOs and before selling the SHRECs to the Utilities, the Green Bank desires to fund its cost recovery under the RSIP by selling notes secured by the SHREC Receivables under the Master Purchase Agreements and other assets of the Issuer; and

WHEREAS, the Board of Directors has determined that it is in the best interest of the Green Bank to form a special purpose Delaware limited liability company that is a wholly-owned subsidiary of the Green Bank to enter into a trust indenture that will allow the Green Bank to issue one or more series of notes, with the obligations under each separate series of notes secured by SHREC Receivables from one or more of the SHREC Tranches and other assets of the issuer of the notes; and

WHEREAS, the Green Bank has formed SHREC ABS 1 LLC (the "**Issuer**") as a special purpose Delaware limited liability company that is a wholly-owned subsidiary of the Green Bank for the purpose of issuing the notes; and

WHEREAS, the Green Bank considers it necessary, appropriate and desirable to offer for sale, and to sell two classes (each, a "**Class**") of Series 2019-1 Notes as follows: (i) approximately $36,800,000 of Class A Notes (the "**Series 2019-1 Class A Notes**") and (ii) approximately $1,800,000 of Series 2019-1 of Class B Notes (the "**Series 2019-1 Class B Notes**", and together with the Series 2019-1 Class A Notes, the "**Series 2019-1**

Notes") in offerings intended to be exempt from registration under the Securities Act of 1933, as amended (the "**Securities Act**") or registered or qualified under any state securities laws, by virtue of the Series 2019-1 Notes not being offered or sold within the United States to U.S. persons except to "qualified institutional purchasers" as defined in Rule 144A under the Securities Act or offered or sold only to non-U.S. persons in transactions outside of the United States and in reliance on Regulation S (the "**Offering**"); and

WHEREAS, the Board of Directors of the Green Bank has determined that it is in the best interest of the Green Bank to enter into and approve the Offering;

NOW, THEREFORE, BE IT

RESOLVED, that the form, terms and provisions of the Preliminary Offering Memorandum for the Offering dated as of or about March 11, 2019 and the Final Offering Memorandum for the Offering dated as of or about March 28, 2019 be, and they hereby are, approved; and further

RESOLVED, that in connection with the Offering, the President and any officer the Green Bank (each, a "**Proper Officer**") be, and each of them acting individually hereby is, authorized and directed in the name and on behalf of the Green Bank to prepare and deliver, or cause to be prepared and delivered, a Preliminary Offering Memorandum and a Final Offering Memorandum relating to the Offering, including any revisions thereof and amendments and supplements thereto containing such information and including any and all exhibits and other documents relating thereto, and to prepare and deliver, or cause to be prepared and delivered, any other certificates, instruments, papers and other documents, and to take any and all such further action, as may be deemed necessary, appropriate or desirable by any Proper Officer of the Green Bank in connection with the foregoing; and further

RESOLVED, that the Green Bank enter into an Operating Agreement for the Issuer that provides for an independent manager and special member with the intention of creating a bankruptcy remote subsidiary to acquire, own, hold, administer, finance, manage, sell and pledge a pool of renewable energy credits generated under the Green Bank's Solar Home Renewable Credit program and the issuance of one or more classes or series of notes to be paid solely from, and secured by, such assets pursuant to the terms of a trust indenture and one or more supplements thereto between the Green Bank and The Bank of New York Mellon Trust Company, N.A., as Trustee; and further

RESOLVED, that the form, terms and provisions of the Operating Agreement be, and they hereby are, approved; and further

RESOLVED, that the Green Bank enter into a Management Agreement with the Issuer, under which the Manager will act on behalf of the Issuer with respect to certain actions relating to the Collateral, including managing the Issuer's rights and obligations under the Master Purchase Agreements, the purchase and sale of SHRECs on behalf of the Issuer

and exercising certain other rights and perform certain other duties on behalf of the Issuer; and further

RESOLVED, that the form, terms and provisions of the Management Agreement be, and they hereby are, approved; and further

RESOLVED, that the Green Bank enter into the Sale and Contribution Agreement between the Green Bank and the Issuer under which the Green Bank will sell and transfer to the Issuer all of the Green Bank's right, title and interest in and to the SHREC Receivables in respect of SHRECs in SHREC Tranche 1 and SHREC Tranche 2 under the Master Purchase Agreements, all related assets, all payments made or to be made by any Person on or after the related Series 2019-1 cut-off date in respect of such SHRECs, and the "**SHREC Assets**" (consisting of any additional SHRECs and the SHREC Receivables in respect of the Series 2019-1 SHRECs, and all rights and obligations of the Green Bank relating to the Series 2019-1 SHRECs and SHREC Tranche 1 and SHREC Tranche 2 under the Master Purchase Agreements and all related assets), and all proceeds of any of the and all of the related assets generated under the Master Purchase Agreements (the "**Series 2019-1 Collateral**"); and further

RESOLVED, that the form, terms and provisions of the Sale and Contribution Agreement be, and they hereby are, approved; and further

RESOLVED, that the Green Bank, as Manager of the Issuer, enter into a Base Indenture and a series indenture supplement thereto (the "**Series 2019-1 Indenture Supplement**"), between the Issuer and The Bank of New York Mellon Trust Company, N.A., as Trustee (the "**Indenture**"), pursuant to which the Issuer will assign to the Trustee for the benefit of the holders of the Series 2019-1 Notes all of the Series 2019-1 Collateral; and further

RESOLVED, that the form, terms and provisions of the Base Indenture and the Series 2019-1 Indenture Supplement be, and they hereby are, approved; and further

RESOLVED, that the Series 2019-1 Notes be sold to the RBC Capital Markets, LLC, as the initial purchaser (the "**Initial Purchaser**"), under the terms and conditions of a Note Purchase Agreement entered into by the Issuer in connection with the issuance of the Series 2019-1 Notes; and further

RESOLVED, that the form, terms and provisions of the Series 2019-1 Notes be, and they hereby are, approved; and further

RESOLVED, that the Proper Officers be, and each of them individually hereby is, authorized and empowered, in the name and on behalf of the Green Bank, to execute and deliver each of the Operating Agreement, the Management Agreement, the Sale and Contribution Agreement, the Base Indenture, the Series 2019-1 Indenture Supplement, the Note Purchase Agreement, and the Series 2019-1 Notes, with such modifications, amendments or changes therein as the Proper Officer executing the same may approve, such approval and the approval thereof by such Proper Officer, to be conclusively established by such execution and delivery; and to execute and deliver any and all

instruments, certificates, receipts, undertakings, commitments, consents, representations, financing statements, control agreements and other ancillary documents contemplated by any of the foregoing agreements; and to take any and all actions that any of such Proper Officers may deem necessary or advisable in order to obtain a permit, register or qualify the Series 2019-1 Notes issuable in the Offering for issuance and sale or to make any and all required filings with respect to, or request an exemption from registration of, the Series 2019-1 Notes issuable in the Offering or to register or obtain a license for the Green Bank as a dealer or broker under the securities laws of such of the states of the United States of America as the Proper Officers may deem advisable, and in connection with such permits, registrations, qualifications, notice filings, exemptions and licenses; and to execute, acknowledge, verify, deliver, file and publish all such applications, reports, notices, issuer's covenants, resolutions, irrevocable consents to service of process, powers of attorney and other papers and instruments and pay all such fees and expenses as may be required under such laws, and to take any and all further action which they may deem necessary or advisable in order to maintain any such registration in effect for as long as they deem to be in the best interests of the Green Bank; and further

RESOLVED, that if any such jurisdiction in which any applications, statements or other documents are filed requires a prescribed form of resolution or resolutions, such resolution(s) shall be deemed to have been, and each of them hereby is, expressly adopted and made a part of these resolutions as if such resolutions were expressly set forth herein, and that the Secretary or any Assistant Secretary of the Green Bank be, and each of them individually hereby is, authorized, empowered and directed, in the name and on behalf of the Green Bank, to certify the adoption of any and all such resolutions as though such resolutions were expressly set forth herein and adopted hereby; and further

RESOLVED, that Bryan Garcia, as President of the Green Bank hereby is, authorized, empowered and directed for and on behalf of the Green Bank, to take or cause to be taken all such action and to execute and deliver or cause to be executed and delivered, and, if appropriate, file or record, or cause to be filed and recorded, all such applications, agreements, contracts, undertakings, commitments, consents, certificates, reports, affidavits, statements, and other documents, instruments or papers as such officer deems necessary, and to make such payments desirable or appropriate to carry out and consummate the intent and purposes of the foregoing resolutions and/or all of the transactions contemplated therein or thereby, the authorization therefor to be conclusively evidenced by the taking of such action or the execution and delivery of such agreements, amendments to agreements, certificates, instruments, agreements or documents; and further

RESOLVED, that to the extent that any act, action, filing, undertaking, execution or delivery authorized or contemplated by these resolutions has been previously accomplished, all of the same is hereby ratified, confirmed, accepted, approved and adopted by the Board of Directors as if such actions had been presented to the Board of Directors for its approval before any such action's being taken, agreement being executed and delivered, or filing being effected.

Appendix 1: SHREC Board Memorandum and Board Meeting Minutes April 27, 2018

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CONFIDENTIAL TO THE BOARD

(ACTIVE RFP PROPOSALS UNDER NEGOTIATION)

Memo

To: Connecticut Green Bank Board of Directors

From: Bert Hunter, EVP and CIO and Mike Yu, Associate Director, Clean Energy Finance

CC: Bryan Garcia, President and CEO; Brian Farnen, General Counsel and CLO; Dale Hedman, Managing Director of Statutory & Infrastructure Programs; Ben Healey, Director of Clean Energy Finance, Eric Shrago, Director of Operations, George Bellas, Vice President of Finance and Administration

Date: April 27, 2018

Re: SHREC Securitization Update

Recommendation for Short-Term SHREC Warehouse Facility

Recommendation for Permanent Asset-backed Securitization ("ABS") financing

---

In a memo to the Connecticut Green Bank (the "Green Bank") Board of Directors dated March 27th 2018 (attached, Appendix C), staff provided an update on its Solar Home Renewable Energy Credit ("SHREC") monetization efforts. Updates included:

- Revised Tranche 1 SHREC revenue projections based on estimates from Solar Anywhere.
- Selecting two investment banks, the Royal Bank of Canada and Credit Agricole, as finalists for underwriting the permanent asset backed securitization ("ABS") financing of Tranche 1 and 2.
- Discussing potential bridge facilities (<12-18 months in duration) with local Connecticut banks that could be used as the warehouse facility that would eventually be refinanced with a term ABS issuance.
- Status of Independent Engineer review of SHREC systems and production methodology.

Since the March 27th memo, we have continued working on a second tranche ("Tranche 2") of deals to submit to the utilities and have a near final list of approximately 7,230 systems. Generation

projections for Tranche 2 based on P50[1] estimates from Solar Anywhere indicate approximately $43.1M of gross SHREC revenue over the 15-year life of the tranche based on a price of $49 per SHREC. Combined with the remaining revenue associated with Tranche 1 of $32.5M, an ABS issuance in Q4 2018 backed by Tranche 1 and Tranche 2 would likely generate $36.4 – 41.6 M of cash for the Green Bank.

		Discount Rate			
	#####	8.0%	7.0%	6.0%	5.0%
Advance	60%	$ 27,932,256	$ 29,481,520	$ 31,178,298	$ 33,040,366
	70%	$ 32,587,632	$ 34,395,106	$ 36,374,681	$ 38,547,094
	80%	$ 37,243,008	$ 39,308,693	$ 41,571,064	$ 44,053,821
	90%	$ 41,898,384	$ 44,222,279	$ 46,767,447	$ 49,560,549

Short-Term SHREC Warehouse Facility Recommendation

While a securitization will provide a low cost, long term monetization option for SHRECs, to allow for the Green Bank to meet its significant obligations vis-à-vis the budget sweep of Green Bank funds coming up in June 2018, staff recommends utilizing a short-term warehouse facility that will provide bridge funding to the Green Bank until the securitization. Green Bank has received a joint proposal for $16 million from two Connecticut banks whereby the two banks will jointly fund the facility and share 50/50 in draw requests, collateral (secured by Tranche 1 and Tranche 2 contracts) and a Green Bank guaranty (please see Confidential Appendix 1 for a high-level summary of key terms). In order to keep fees and cost of capital low, the warehouse facility was conservatively sized to meet the Green Bank's short-term needs with the intent that the term ABS issuance in 6 to 7 months will maximize liquidity.

As can be observed on the chart in Confidential Appendix 1 which summarizes the 3 SHREC short-term warehouse facility proposals, two proposals are tied to the long-term asset backed securitization (ABS) proposals (the two finalists – Credit Agricole (Warehouse A) and Royal Bank of Canada (RBC) (Warehouse B)). The third proposal is a joint effort between Webster Bank and Liberty Bank (Warehouse C). For reasons set forth below, staff is recommending the Webster-Liberty joint proposal.

First, as shown in the spreadsheet in Confidential Appendix 1, the frontend fee, interest and unused facility fee for Warehouse A clearly makes that proposal uncompetitive (see red highlighted cell of the spreadsheet), leaving RBC and Webster-Liberty.

Second, on the cost front, as between RBC and Webster-Liberty, there isn't much difference in expected cost – a $15,000 advantage to RBC (see yellow highlighted cells in the spreadsheet). RBC's proposed facility also has more capacity: For RBC, the draw against the tranche 1 contract could be $17 million vs $9 million for Webster-Liberty (although an additional $7 million would be available from Webster-Liberty for a total of $16 million in draws within 30 days following closing on the facility once the second SHREC tranche is closed with Eversource and UI). So, while there

[1] P50 is a statistical level of confidence suggesting that we expect to exceed the predicted solar resource/energy yield 50% of the time. P90 indicates we expect to exceed the yield 90% of time.

is an apparent advantage to RBC, the lower initial draw under Webster-Liberty is closed using a $5 million revolving line of credit being secured with Union Savings Bank (**subject of an accompanying memorandum and request for approval by the Board**). Together, the Webster, Liberty and Union Savings facilities provide adequate funding to meet the needed advance of $14 million to the State in June.

Why two facilities when one will suffice?

The reasons are strategic, tactical and operational for why we prefer the Webster-Liberty-Union Savings solution when Green Bank could satisfy its liquidity requirement with the RBC warehouse facility without piecing two Connecticut bank facilities together.

Strategic

The strategic reason is the Green Bank was hobbled in its ability to secure financing by the budget sweeps. B of A pulled the $10 million, 10-year, 1% LMI facility. KeyBank pulled out of SHREC negotiations. Peoples Bank – while interested in the SHREC warehouse – said they would join a Green Bank financing, but because of what the legislature did, they could not lead a facility.

In approaching Webster and Liberty about the warehouse funding facility, we explained that even though Green Bank could get sufficient funding from Wall Street, Green Bank wanted to offer Connecticut banks the opportunity to participate in a straightforward deal. In the warehouse facility we requested from them, the collateral is revenues tied to solar PV production (which both banks financed with us in Solar Lease 2) with the added benefit that the credit is backstopped not by homeowners, as in Solar Lease 2, but by two rated utilities: Eversource and UI. Also, compared to Solar Lease 2, this facility would be short-term (takeout via securitization). If we succeeded, the resulting facility would be a good partnership between the Green Bank and its local banks, in partnership with Wall Street. It would also represent good incremental loan business for them ($400,000 in top line earnings) and helps the Green Bank solidify our banking ties in the State.

Tactics

Tactically, having a warehouse that is free from the term ABS issuer also gives the Green Bank more leverage vs the issuing bank. With a separate facility, the Green Bank would not be beholden by the issuing bank's short term facility – and can then approach the term market when we wish – to secure better terms for the term issuance. (Webster and Liberty have both expressed willingness to renew the facility after its initial year to accommodate future tranches.)

Operations

Operationally, having the $5 million revolver is also a way of (1) having funds available to pay the State the $14 million sweep in June with the $9 million first Webster-Liberty draw, (2) being able to repay that $5 million loan to zero once Tranche 2 is finalized at the end of June (or first few days of July) – when a draw of an additional $7 million is permitted from Webster-Liberty, and (3) gives the Green Bank access to $5 million in additional liquidity over the next year for short term purposes or if needed to ensure we don't violate our $4 million minimum liquidity covenant under our US Bank solar fund agreements.

This “three-prong” approach: strengthens our position with Connecticut Banks and working with local lenders, enables us to fully meet our payment to the State in June so the Green Bank is seen as being able to manage through these unusual circumstances, and gives us operational flexibility and peace of mind that Green Bank will have $5 million in liquidity to draw upon if needed.

Long Term Asset Backed Securitization Recommendation

Based on an assessment made by the SHREC Team[2] of the various proposals from seven financial institutions, Royal Bank of Canada’s proposal was determined to offer the best value for the Green Bank’s needs for an asset backed securitization of the SHREC receivables across Tranche 1 and Tranche 2 (Tranche 2 is closing in late June). Please see the high-level analysis of the final proposals (Confidential Appendix 2).

Staff requests approval by the Board of Directors to move forward with both (a) the warehouse funding facility (Confidential Appendix 1) and (b) the recommendation for the term ABS (Confidential Appendix 2).

Note: Once final documentation for each facility is agreed, Staff will revert back to the Board of Directors with its request for final approval.

Independent Engineering Partner RFP (Appendix D)

DNV GL (“DNV”) was selected as the winner by an internal review team for the IE RFP, has continued its diligence work as is on track to release its preliminary report the week of April 23rd.

External Societal Benefits/Impact/Green Opinion RFP

On March 9, the Green Bank issued a Request for Proposal seeking an external opinion regarding the environmental and social impact of the projects associated with the SHREC securitization. Nine proposals were received by the due date of March 30th, and an internal review team has narrowed the field down to a shortlist of 3 firms. Additional diligence calls will be conducted over the next three weeks and a finalist selected in May.

SHREC Warehouse

Resolutions

WHEREAS, Connecticut Green Bank (“Green Bank”) staff has submitted to the Green Bank Board of Directors (“Board”) a proposal for Green Bank to enter into an agreement with Webster Bank and Liberty Bank (“Webster-Liberty”) for a $16,000,000 secured revolving line of credit (“SHREC Revolving Credit Facility”) whereby the SHREC Revolving Credit Facility would be used for a period of up to one year in order to bridge Green Bank’s short-term liquidity and working capital needs prior to funding anticipated from the permanent asset backed securitization (“ABS”) financing of Tranche 1 and Tranche 2 of the Solar Home Renewable Energy Credit (“SHREC”) program;

WHEREAS, along with a general repayment obligation by the Green Bank, Webster-Liberty would be secured by a first priority security interest in, and an absolute assignment of all cash

[2] Mike Yu (Lead), Bert Hunter, Dale Hedman, Eric Shrago, George Bellas, Brian Farnen, Kris Holz

flows associated with Tranche 1 and Tranche 2 of the SHREC program and, in the event of a payment default under the SHREC Revolving Credit Facility, such additional Tranches of SHRECs as required by the Lenders together with all commercially necessary rights thereunder (the “SHREC Collateral”); and

WHEREAS, Green Bank staff recommends that the Board approve the proposed SHREC Revolving Credit Facility, generally in accordance with the terms of the summary term sheet presented to the Board on April 27, 2018.

NOW, therefore be it:

RESOLVED, that the Board approves Green Bank to enter into the SHREC Revolving Credit Facility with Webster-Liberty substantially as set forth in the memorandum to the Board dated April 27, 2018;

RESOLVED, that the Board approves Green Bank to establish a bankruptcy remote special purpose entity 100% owned by Green Bank, if required by the lenders to secure their interest in the SHREC Collateral;

RESOLVED, that the President, Chief Investment Officer and General Counsel of Green Bank; and any other duly authorized officer of Green Bank, is authorized to execute and deliver on behalf of Green Bank any of the definitive agreements related to the SHREC Revolving Credit Facility and to establish the SPV and any other agreement, contract, legal instrument or document as he or she shall deem necessary or appropriate and in the interests of Green Bank and the ratepayers in order to carry out the intent and accomplish the purpose of the foregoing resolutions; and

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

SHREC Permanent Asset-Backed Securitization

Resolutions

WHEREAS, Connecticut Green Bank ("Green Bank") staff has submitted to the Green Bank Board of Directors ("Board") a proposal for Green Bank to proceed with an agreement with the Royal Bank of Canada ("RBC") whereby RBC would structure, arrange and secure funding in accordance with a proposed permanent asset backed securitization ("ABS") financing of Tranche 1 and Tranche 2 of the Solar Home Renewable Energy Credit ("SHREC") program as described in the Confidential Memorandum to the Board of Directors dated April 27, 2018;

WHEREAS, RBC was selected pursuant to a Request for Proposal process as set for in the Operating Procedures of the Green Bank; and

WHEREAS, any bond or note issuance associated with the SHREC ABS financing will be subject to definitive documentation which will require approval by the Board.

NOW, therefore be it:

RESOLVED, that the Board approves Green Bank to enter into a Professional Services Agreement with RBC for the purpose of having RBC structure, arrange and secure funding in accordance with a proposed permanent ABS financing of Tranche 1 and Tranche 2 of the SHREC program substantially as set forth in the Confidential Memorandum to the Board of Directors dated April 27, 2018;

RESOLVED, that the President, Chief Investment Officer and General Counsel of Green Bank; and any other duly authorized officer of Green Bank, is authorized to execute and deliver on behalf of Green Bank any of the definitive agreements related to the SHREC Revolving Credit Facility and to establish the SPV and any other agreement, contract, legal instrument or document as he or she shall deem necessary or appropriate and in the interests of Green Bank and the ratepayers in order to carry out the intent and accomplish the purpose of the foregoing resolutions; and

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

RESOLUTIONS ONLY

Board of Directors of the
Connecticut Green Bank
845 Brook Street
Rocky Hill, CT 06067

Friday, April 27, 2018
9:00-11:00 a.m.

Staff Invited: George Bellas, Craig Connolly, Mackey Dykes, Brian Farnen, Bryan Garcia, Ben Healey, Dale Hedman, Bert Hunter, Sue Kaswan, Kerry O'Neill, Eric Shrago, and Kim Stevenson

Resolution #6

WHEREAS, Connecticut Green Bank ("Green Bank") staff has submitted to the Green Bank Board of Directors ("Board") a proposal for Green Bank to proceed with an agreement with the Royal Bank of Canada ("RBC") whereby RBC would structure, arrange and secure funding in accordance with a proposed permanent asset backed securitization ("ABS") financing of Tranche 1 and Tranche 2 of the Solar Home Renewable Energy Credit ("SHREC") program as described in the Confidential Memorandum to the Board of Directors dated April 27, 2018;

WHEREAS, RBC was selected pursuant to a Request for Proposal process as set for in the Operating Procedures of the Green Bank; and

WHEREAS, any bond or note issuance associated with the SHREC ABS financing will be subject to definitive documentation which will require approval by the Board.

NOW, therefore be it:

RESOLVED, that the Board approves Green Bank to enter into a Professional Services Agreement with RBC for the purpose of having RBC structure, arrange and secure funding in accordance with a proposed permanent ABS financing of Tranche 1 and Tranche

2 of the SHREC program substantially as set forth in the Confidential Memorandum to the Board of Directors dated April 27, 2018;

RESOLVED, that the President, Chief Investment Officer and General Counsel of Green Bank; and any other duly authorized officer of Green Bank, is authorized to execute and deliver on behalf of Green Bank any of the definitive agreements related to the SHREC Revolving Credit Facility and to establish the SPV and any other agreement, contract, legal instrument or document as he or she shall deem necessary or appropriate and in the interests of Green Bank and the ratepayers in order to carry out the intent and accomplish the purpose of the foregoing resolutions; and

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

Appendix 2 – Kroll Pre-sale Report [attached separately]

Appendix 3 – Offering Memorandum [attached separately]

Appendix 4 – Opinion of Financial Advisor

LAMONT
Financial Services Corporation

To: Connecticut Green Bank

From: Lamont Financial Services Corporation LFSC/[illegible]

Date: March 20, 2019

Re: SHREC 2019-1 ABS

As requested, Lamont has reviewed the pricing for the SHREC 2019-1 ABS transaction. After considering market activity, Lamont believes that the pricing for the transaction reflects fair current market pricing.

The SHREC 2019-1 transaction was a taxable ABS deal totaling $38.6 million, with a weighted average life (WAL) of 7.75 years, and made up of two tranches: Class A ($36.8 million) and Class B ($1.8 million), rated A- and BBB- by Kroll, respectively. The Green Bank's utility partners, Eversource and United Illuminating, are rated A3/A+ and Baa1/A-, respectively, by Moody's and Standard & Poor's.

For SHREC 2019-1, the Bank is contributing Tranches 1 and 2 under the new Master Purchase Agreement (MPA) between the Bank and the utilities, which comprise over 14,000 solar PV systems, 109 MW. Under the MPA, prices are $50 per SHREC for Tranche 1 and $49 per SHREC for Tranche 2.

RBC served as structuring agent and bookrunner.

Market Conditions

US markets experienced increased volatility beginning in 4Q18, stemming from concerns over higher rates, slowing economic growth, and trade tensions. While the ABS market was affected by this volatility, recent ABS pricings suggest that the market began stabilizing at the end of January and showed signs of strength throughout February. In 2018, new issue solar lease ABS volume set record issuance volume as four issuers priced transactions totaling approximately $1.5 billion. Yields for solar lease ABS new issues in the Single-A rating category increased over the course of 2018, from around 4.20% in January 2018 to around 5.20% by January 2019.

Price views were also informed by certain previous solar ABS transactions which were similar to the SHREC 2019-1 transaction. These included: SunRun 2018-1; SunPower 2018-1; Sunnova 2018-1; Vivint Solar 2018-1; Tesla Energy 2017-2; Tesla Energy 2017-1; Sunnova 2017-1; and Solar City 2017-A.

Credit Considerations

Kroll rated the transaction A- and BBB- for the Class A and Class B tranches, respectively. Kroll's rating was based on the strength of the Bank, noting the Bank's approximately $185 million in assets and $90 million net position as of December 31, 2018. Kroll further noted the credit strength of the utility companies, Eversource and United Illuminating, and the strong credit

profile of underlying customers. In additional, Kroll believed that the transaction benefited from sufficient credit enhancement and a structure that accelerates principal payments in the event of weakening asset performance, sufficient to cover Kroll's stressed cash flow assumptions. Kroll did note the lack of insurance during the occurrence of a force majeure event, lack of historical data for solar energy performance, and geographical concentration as credit weaknesses for the transaction.

Pricing Dynamics

After receiving investor feedback, RBC decided to distribute the securities via syndication rather than auction. RBC focused on 16 investors that had expressed interest in the transaction. At the beginning of pricing on March 13, RBC believed that the Class A and Class B tranches would price at spreads of +250 bps and +450 bps, respectively, above the swap rate of 2.58%.

At the conclusion of pricing, Class A was priced to yield 5.153% and Class B was priced to yield 7.153%, note spreads of +285 bps and +485 bps respectively.

Given market conditions during the pricing for the SHREC 2019-1 ABS transaction, and the limitations related to the small size of the transaction, Lamont believes the pricing levels were fair and reasonable.

PRICING TERM SHEET

SHREC ABS 1 LLC

Pricing Supplement dated March 26, 2019 to the Preliminary Offering Memorandum dated March 13, 2019

$36,800,000 SERIES 2019-1 SHREC COLLATERALIZED NOTES, CLASS A
$1,800,000 SERIES 2019-1 SHREC COLLATERALIZED NOTES, CLASS B

Class:	A
Amount:	$36,800,000
Price to Investors:	99.81677%
Note Rate:	5.09%
Note Spread:	2.85%
Yield:	5.153%
Rating (KBRA):	A- (sf)
Trade Date:	March 26, 2019
Settlement Date:	April 2, 2019 (T+5)
Initial Purchaser:	RBC Capital Markets, LLC
Weighted Average Life:	7.75 years
Month of Stated Maturity Date:	June 2044
First Monthly Payment Date:	June 17, 2019
Rule 144A CUSIP/ISIN Numbers:	82539X AA3 / US82539XAA37
Reg. S CUSIP/ISIN Numbers:	U82159 AA9 / USU82159AA99

Class:	B
Amount:	$1,800,000
Price to Investors:	99.72101%
Note Rate:	7.04%
Note Spread:	4.85%
Yield:	7.153%
Rating (KBRA):	BBB- (sf)
Trade Date:	March 26, 2019
Settlement Date:	April 2, 2019 (T+5)
Initial Purchaser:	RBC Capital Markets, LLC
Weighted Average Life:	7.75 years
Month of Stated Maturity Date:	June 2044
First Monthly Payment Date:	June 17, 2019
Rule 144A CUSIP/ISIN Numbers:	82539X AB1 / US82539XAB10
Reg. S CUSIP/ISIN Numbers:	U82159 AB7 / USU82159AB72

SHREC ABS 1 LLC

SHREC Collateralized Notes, Series 2019-1

$38,600,000 Series 2019-1 Notes

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March 13, 2019

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Executive Summary

This pre-sale report is based on information regarding the solar renewable energy credits and the terms of the securitization as of March 13, 2019. The ratings listed below are preliminary and subsequent information may result in the assignment of final ratings that differ from the preliminary ratings. This report does not constitute a recommendation to buy, hold, or sell securities.

Rated Notes				
Class	**Initial Amount ($)**	**Interest Rate (%)**	**Stated Maturity Date**	**Preliminary KBRA Rating**
A Notes	36,800,000	[TBD]	June 15, 2044	A- (sf)
B Notes	1,800,000	[TBD]	June 15, 2044	BBB- (sf)
Total	**38,600,000**			

The securitization is backed by the proceeds from the sale of solar renewable energy credits ("**SHREC Receivables**"), generated under Connecticut Green Bank's (the "**Parent**" or "**Company**") Solar Home Renewable Energy Credit ("**SHREC**") program, by the Parent to Connecticut's two investor-owned utility companies, The Connecticut Light and Power Company, d/b/a Eversource Energy ("**Eversource**") and United Illuminating Company ("**United Illuminating**", and collectively, the "**Utilities**") under two Master Purchase Agreements (each, a "**Master Purchase Agreement**" or "**MPA**"), statutorily required by Conn. Gen. Stat. Ann. § 16-245gg (the "**SHREC Statute**"). The SHRECs will be generated from solar photovoltaic systems ("**PV Systems**") participating in the Parent's Residential Solar Investment Program. The Parent aggregates these SHRECs into annual tranches (each a "**Tranche**") and sells the tranches to the Utilities at a fixed, predetermined price (the "**SHREC Tranche Purchase Price**") over a 15-year period. The SHRECs in this transaction will be generated from 6,788 PV Systems in Tranche 1 and 7,250 PV Systems in Tranche 2. Under the two MPAs, Eversource is required to purchase 80% of the SHRECs created within each tranche and United Illuminating is required to purchase the remaining 20%. The SHREC Tranche Purchase Price for Tranche 1 and Tranche 2 are $50.00 per SHREC and $49.00 per SHREC, respectively.

KBRA analyzed the transaction using the **Global General Rating Methodology for Asset-Backed Securities** published on November 28, 2017. In applying the methodology, KBRA analyzed the historical data associated with residential solar asset performance. The capital structure was tested by applying stressed assumptions in KBRA's cash flow analysis of the transaction.

Transaction Parties	
Issuer	SHREC ABS 1 LLC
Manager / Parent	Connecticut Green Bank
Trustee	The Bank of New York Mellon Trust Company, N.A.

Key Credit Considerations

Strength of Originator Connecticut Green Bank (the "**Green Bank**" or the "**Parent**"), which will also act as the Manager pursuant to the Management Agreement, was established by the Governor and the General Assembly of the State of Connecticut on July 1, 2011 through Public Act 11-80. The Green Bank was formed as body politic and corporate, constituting a public instrumentality and political subdivision of the State of Connecticut created for the performance of an essential public and governmental function. As of December 31, 2018, the Green Bank had approximately $185 million in assets and a $90 million net position. The Green Bank has deployed more than 285 MW of clean renewable energy, helping to reduce over 4.6 million tons of greenhouse gas emissions that cause climate change. As Connecticut Green Bank was established and created by the State of Connecticut, the State of Connecticut would have the sole power and authority to discontinue Connecticut Green Bank's existence. In addition, Connecticut's state statute provides that the State cannot do anything to impair the Green Bank's ability to enter into and perform its obligations under the contracts and agreements that the Green Bank participates in.	+
Strength of Underlying Utility Companies The Connecticut Light and Power Company d/b/a Eversource Energy is a publicly traded utility company. Headquartered in Hartford, CT, it is a regulated utility that serves residential, commercial, and industrial customers in 149 cities and towns throughout the State of Connecticut. United Illuminating is a subsidiary of Avangrid, Inc., a publicly traded energy services holding company doing business in the regulated energy distribution industry. Founded in 1899 and headquartered in New Haven, CT, United Illuminating is engaged in the purchase, transmission, distribution and sale of electricity in southwestern Connecticut. KBRA performed credit estimates on the Utilities and determined that the creditworthiness of the Utilities is not a constraint on the rating of the Notes. KBRA views the underlying credit strength of these companies as a mitigating factor against a potential bankruptcy filing.	+
Strong Credit Profile of Underlying Customers As of the cut-off date the non-zero weighted average FICO (by the Discounted SHREC Asset Balance) of the underlying customers of the PV Systems is 749 and 750 in Tranche 1 and Tranche 2, respectively. Customers with a FICO score equal to or greater than 700 represent approximately 71.3% of the collateral by number and 72.0% by Discounted SHREC Asset Balance. Per traditional credit metrics, these customers would be classified as "prime".	+
Transaction Structure – Credit Enhancement KBRA believes the transaction benefits from sufficient credit enhancement and a structure that accelerates principal payments to the Class A Notes and Class B Notes (collectively, the "**Notes**") in the event of weakening asset performance. The credit enhancement levels in the transaction are sufficient to cover KBRA's stressed cash flow assumptions for each class under the corresponding stress levels for the assigned ratings. Credit enhancement for the Notes consists	+

of overcollateralization, a liquidity reserve account, excess spread, and in the case of the Class A Notes, subordination: **Subordination and Overcollateralization:** The Class A Notes benefit from subordination provided by the Class B Notes. The Notes benefit from overcollateralization resulting from the expected SHREC Receivables by the underlying Utilites. At closing the overcollateralization for the Notes will be approximately 15.9%. The Class A Notes will benefit from subordination from the Class B Notes equal to approximately 3.9%. **Liquidity Reserve Account:** At closing a liquidity reserve account will be fully funded to cover two payment periods of interest on the Notes based on the coupon rate. The initial deposit in the liquidity reserve will be $[ ]. The Liquidity Reserve Account will be maintained in an amount sufficient to equal two quarters of Accrued Interest based on the outstanding balance of the Notes ("**Liquidity Reserve Required Amount**"). On the earlier of the payment date in June 2033 and the payment date on which the balance of the Notes has been reduced to zero, the Liquidity Reserve Required Amount will be zero. **Excess cash flow:** The transaction features excess cash flow, which results from the difference between the cash flows expected from the Utilities under the MPAs and the principal and interest distributed on the Notes.	
No Insurance in Place During the Occurrence of a Force Majeure Event The SHREC revenues available to the transaction are a direct function of the energy generated by the associated PV systems. In other transactions that exhibit generation risk, there is typically an insurance policy, maintained by either the owner of the solar panels or the sponsor of the transaction, in place to minimize any interruption to cash flow caused by damage to the PV systems following the occurrence of a force majeure event. This transaction does not require the Issuer to maintain insurance (and to the extent homeowners or third party sponsors do maintain insurance, there is no requirement that insurance proceeds be used to replace or repair damaged PV systems). As a result, the transaction may receive a lower amount of SHREC revenues if a force majeure event were to occur. Given the geographical concentration of the underlying PV Systems, KBRA views this risk to the transaction as a credit negative.	**–**
Transaction Structure – Class B Interest Payments May Be Deferred The Class B Note interest payments will be deferred during a Series 2019-1 Sequential Interest Amortization Event. A "Series 2019-1 Sequential Interest Amortization Event" will have occurred and be continuing with respect to the Series 2019-1 Notes for any Payment Date if (a) the Series 2019-1 SIAE DSCR as of related Determination Date is less than or equal to 1.00x. All Class B Note interest that becomes due during a Series 2019-1 Sequential Interest Amortization Event will be deferred until the interest and principal on the Class A Notes are paid in full. Interest on the unpaid Class B Interest will accrue at the Class B Note interest rate. On any Payment Date on which a Series 2019-1 Sequential Interest Amortization Event has occurred and is continuing, amounts on deposit in the Liquidity Reserve Account will not be available to cover any shortfalls on the Class B Note interest.	**–/+**

KBRA views the mechanism for deferral of interest on the Class B Notes as a credit negative for the Class B Notes and credit positive for the Class A Notes as these amounts are paid after principal payments on the Class A Notes, which further subordinates the obligations of the Class B Notes relative to the Class A Notes.	
Lack of Historical Static Pool Data The Parent was formed by the State of Connecticut in July 2011 and therefore does not possess a long historical record of packaging SHRECs into Tranches and selling them to utility companies. As a result, there exist uncertainties related to the performance of the program during an economic downturn or other events that may result in the interruption of solar production or payments from the Utilities. Further, residential solar systems are a relatively new asset class and the business model for solar developers continues to evolve. As such, only limited performance data is available for this sector. As a proxy, KBRA employed elements of its RMBS methodologies to forecast payment defaults associated with underlying homeowners. Despite having limited portfolio performance history, such performance data to date has been positive.	–
Geographical Concentration All of the underlying PV Systems in the transaction are located within the State of Connecticut, albeit in all eight counties of the state. The county with the largest exposure, New Haven, represents approximately 27.4% of the portfolio by number and 27.7% by Discounted SHREC Asset Balance. The top three counties (New Haven, Hartford, and Fairfield) account for approximately 69.9% of the collateral. Transactions with greater geographic diversity are better insulated from regional home price decline relative to pools with higher geographic concentration. A regional downturn may result in increased defaults and reduced cash flow.	–

Transaction Overview

At closing the transaction will contain 14,038 PV Systems in the State of Connecticut that, as they generate energy, will produce renewable energy credits in the form of SHRECs. The Aggregate Discounted SHREC Asset Balance ("**ADSAB**"), calculated by discounting the quarterly estimated SHREC asset value starting on the first quarterly collection period following the cutoff date using a 7.00% discount rate, is approximately $20.1 million in Tranche 1 and $25.8 million in Tranche 2, for a total ADSAB of approximately $45.9 million. The original tenor of each Tranche is 15 years. The weighted average age of the PV Systems is 32 months.

ABS Structure

The transaction is structured as sequential pay for the Notes. Based on certain debt service coverage ratio ("DSCR") tests, accrued interest on the Class B Notes will be deferred and subordinated to principal payments due to the Class A Notes.

The transaction features accelerated amortization in the form of an Early Amortization Event and a Sequential Interest Amortization Event. Any distributions of principal made during an Early Amortization Event or Sequential Interest Amortization Event will be allocated first to the Class A Note principal until the

outstanding balance of the Class A Notes has been reduced to zero before principal payments are made to the Class B Notes. An Early Amortization Event is triggered if the Early Amortization Event DSCR is less than or equal to 1.10. The Early Amortization DSCR is calculated as the ratio of (A) the sum of the Available Funds for the related Payment Date and the immediately preceding Payment Date, less the sum of (x) senior fees and expenses on the related Payment Date and (y) senior fees and expenses on the immediately preceding Payment Date to (B) the sum of (x) the Accrued Interest and Scheduled Principal Payments that the Issuer will be required to pay on the related Payment Date and (y) the Accrued Interest and Scheduled Principal Payments that the Issuer was required to pay on the immediately preceding Payment Date on the principal balance of the Notes outstanding as of such date. A Sequential Interest Amortization Event is triggered if the Sequential Interest Amortization Event DSCR is less than or equal to 1.00 for such Determination Date. The Sequential Interest Amortization Event triggered in this manner will remain in effect until the Determination Date on which the DSCR is greater than 1.00. The Sequential Interest Amortization Event DSCR is calculated as the ratio of (A) the Available Funds for the related Payment Date, less senior fees and expenses on the related Payment Date to (B) the sum of (x) the Accrued Interest and Scheduled Principal Payments that the Issuer will be required to pay on the related Payment Date. On any Payment Date on which a Sequential Interest Amortization Event has occurred and is continuing, no interest will be paid to the Holders of the Class B Notes until the Note Amount of the Class A Notes has been reduced to zero.

The transaction benefits from credit enhancement in the form of overcollateralization, excess spread, a liquidity reserve account and, in the case of the Class A Notes, subordination.

Parent and Manager Review

Connecticut Green Bank (the "**Green Bank**" or the "**Parent**") is a quasi-public agency that was established by the Governor and the General Assembly of the State of Connecticut on July 1, 2011 through Public Act 11-80 and administers the former Connecticut Clean Energy Fund. The Green Bank was formed with a mission to make green energy more accessible and affordable for all Connecticut citizens and businesses by creating a marketplace to accelerate the growth of green energy.

The Green Bank employs a public-private financing model that uses limited public dollars to attract private capital investments in order to facilitate green energy deployment. By partnering with the private sector, the Green Bank strives to create solutions that provide long-term, affordable financing to increase the number of green energy projects in Connecticut.

The Green Bank's mission is to support the Governor's and Legislature's energy strategy to achieve cleaner and more reliable sources of energy, while creating jobs and supporting local economic development.

To achieve its vision and mission, the Green Bank has established the following four goals:

- To attract and deploy private capital investment to finance the clean energy policy goals for Connecticut.
- To leverage limited public funds to attract multiples of private capital investment while returning and reinvesting public funds in clean energy deployment over time.
- To develop and implement strategies that bring down the cost of clean energy in order to make it more accessible and affordable to consumers.

- To support affordable and healthy buildings in low-to-moderate income and distressed communities by reducing the energy burden and addressing health and safety issues in their homes, businesses, and institutions.

The Green Bank's Board of Directors comprises 11 voting and one non-voting member, each with knowledge and expertise in matters related to the organization's purpose. The Green Bank Board of Directors and staff are governed through the statute, as well as an Ethics Statement and Ethical Conduct Policy, Resolutions of Purposes, Bylaws, and Comprehensive Plan.

Management Agreement

The Green Bank will also act as the Manager under a Management Agreement (the "**Management Agreement**") between the Manager and the Issuer. The Manager will act on behalf of the Issuer with respect to certain actions relating to the SHRECs, including the purchase, sale and substitution of SHRECs on behalf of the Issuer in accordance with the Transaction Documents.

Under the Management Agreement, the Manager will be responsible for managing the activities of the Issuer and the SHREC Assets. The Manager will be required to perform its duties under the Management Agreement (i) in accordance with the Manager's policies (ii) in accordance with applicable law, (iii) in accordance with the terms of the SHREC Assets, and (iv) at least in the manner in which the Manager manages SHRECs for itself or for other accounts, if any.

Among other duties, the Manager is responsible for administering collections on the SHREC Assets, taking any actions it considers necessary to ensure enforcement and recovery under the SHREC Assets, preparing and delivering any reports required under the agreement, and preparing all supplements and amendments to the Transaction Documents.

The SHREC Program

Background and Legislative Authority

The Green Bank provides incentives to homeowners and third-party system owners ("**TPOs**") to deploy residential PV Systems. Pursuant to Public Act No. 16-212 and Public Act No. 15-194, the Green Bank acquires the renewable energy certificates that are produced by the PV Systems participating in Connecticut's Residential Solar Incentive Program ("**RSIP**"). The Green Bank then sells such SHRECs to each of two Utilities pursuant to two MPAs in exchange for SHREC Receivables. Each Tranche has a specific SHREC purchase price.

Under the SHREC program, the Utilities are statutorily mandated to enter into 15-year contracts with the Green Bank to purchase the Tranches generated by PV Systems. The agreement is governed by the MPAs, which were jointly filed with and approved by the Connecticut Public Utilities Regulatory Authority ("**CT PURA**"), whose approval included approval of the full cost recovery of the SHREC program (the "**CT PURA Order**").

To date, two Tranches have been created, comprising 6,788 PV Systems in Tranche 1 and 7,250 PV Systems in Tranche 2. CT PURA has guaranteed the Utilities cost recovery for the program via a statutorily-protected component of electric rates. Under the CT PURA Order referenced above, the CT PURA approved the MPAs for the purchase and sale of SHRECs and the CT PURA determined that the SHREC program costs will be recovered through a non-bypassable federally mandated congestion charge filed with CT PURA by each Utility.

Below is a graphical representation of the structure of the SHREC program:

Key RSIP Responsibilities:
- Qualify contractors
- Process incentive applications
- Manage project inspections
- EPBB and PBI payment processing
- Manage RSIP PowerClerk and Locus platforms
- Obtain PURA approvals for (1) Class I REC designations and (2) aggregation of projects into SHREC tranches
- Process PowerClerk and Locus production data into NEPOOL GIS system
- Invoice and collect SHREC payments from Utilities

Solar Homeowners & Third Party Owners

REC Ownership

RSIP Incentive (PBI, EPBB)

Governing Bodies: CT Legislature, CT PURA

Public Act 15-194: 300MW target

CT Green Bank

Value exchanged for RECS

REC ownership transfers

Legislative obligations

15 Year SHREC Tranches

SHREC Purchase Price According to MPA

RPS Requirement

NEPOOL REC Certification

Utilities

Retire RECs

REC Certification

NEPOOL GIS (REC Administrator)

SHREC Creation

On a quarterly basis, the Green Bank uses a web-hosted platform called Locus that receives generation data every 15 minutes from meters located on the platform to download the electricity generation data from SHREC-eligible, tranched residential PV Systems. SHREC projects must be located behind the meter of a distribution customer of one of the two Utilities in Connecticut. Each SHREC project must have a separate meter dedicated to SHREC measurement.

Once the generation data has been downloaded, the Green Bank submits the data to the New England Power Pool Generation Information System ("**NEPOOL GIS**"), which converts the data into SHRECs. There is a time lag of one calendar quarter between when the electricity was generated and when the data is submitted to NEPOOL GIS and the SHRECs created:

Electricity generated (Calendar Quarter)	Green Bank submits electricity generation data to NEPOOL GIS (date)	SHRECs created by NEPOOL GIS (date)
1. (Jan 01-Mar 31)	July 10	July 15
2. (Apr 01-Jun 30)	October 10	October 15
3. (Jul 01-Sep 30)	January 10	January 15
4. (Oct 01-Dec 31)	April 10	April 15

NEPOOL GIS creates SHRECs on a one for one basis, i.e., one SHREC created for one megawatt hour of electricity generated.

The NEPOOL GIS allows an owner to schedule SHREC transfers in advance of their creation date, under the "forward certificate transfers" process. The Green Bank intends to execute the majority of its trades via forward certificate transfer.

The Master Purchase Agreements

SHRECs are purchased from the Parent by the Utilities under the Master Purchase Agreements.

Each Utility's Percentage Entitlement

Eversource is required to purchase 80% of the SHRECs created in each Tranche and United Illuminating is required to purchase the remaining 20%. The Utilities are severally liable under their respective MPAs: Eversource, for example, is not required to purchase the remaining 20% of SHRECs set aside for United Illuminating in the event United Illuminating is unable to purchase its 20% percentage entitlement and vice versa.

SHREC Tranche Purchase Price

The SHREC Tranche Purchase Price for Tranche 1 is $50.00 per SHREC and the SHREC Tranche Purchase Price for Tranche 2 is $49.00 per SHREC.

Term

The Utilities' obligation to purchase SHRECs commenced on the MPA Effective Date and will expire at the earlier to occur of (a) the date that 255.4 MW of aggregate SHREC projects (the Energy Act's 300MW target less the amount of projects approved for incentives under the RSIP prior to 2015) are approved under the RSIP program on and after January 1, 2015; and (b) December 31, 2022. However, all SHRECs purchased under Tranches prior to the end of the Utilities' obligation must still be paid for until the expiration of each tranche.

Green Bank's Obligations Regarding SHRECs

The Green Bank, as the seller of the SHRECs, is obligated to undertake the following, under the MPAs:

- The Green Bank will sell and deliver Utility's applicable percentage entitlement of the SHRECs for a particular Tranche;

- The Green Bank will sell to the Utility all SHRECs generated by a particular Tranche's SHREC projects beyond the 15-year term of the MPAs at no cost, for as long as a SHREC project continues to generate SHRECs;
- The Green Bank will comply with all NEPOOL GIS operating rules, and maintain accounts required to store and deliver SHRECs with NEPOOL GIS and ISO-New England;
- The Green Bank will verify all pre-requisites to sale; and
- The Green Bank will provide the Utility with any necessary information and support to achieve regulatory and corporate approvals; however, the Green Bank shall not incur costs in excess of $100,000 per year to support this effort, unless the Utility agrees in writing to reimburse the Green Bank for an agreed-upon portion of the costs.

Utilities' Obligations

Each of the Utilities is obligated to undertake the following pursuant to the applicable MPA:

- The Utility will purchase and receive its applicable percentage entitlement of the SHRECs for a particular Tranche; and
- The Utility have consented to the Green Bank's obtaining financing secured by all payments made by the Utility to the Green Bank under the Master Purchase Agreements.

Production Estimate

The amount of energy output from a solar system is dependent upon the solar resource. The Green Bank engaged DNV GL ("**Independent Engineer**" or "**IE**") to evaluate this portfolio that is a primary input into its pro forma forecast. The solar resource assessment is based on using Genability in conjunction with the PVWatts forecasting engine, developed by the National Renewable Energy Laboratory. The data used by the PVWatts forecasting engine are derived from the 1961 – 1990 National Solar Radiation Database and include solar radiation and other meteorological elements for one year intended to represent typical conditions over a long period of time. Based on the IE's findings the correction factor to the P50 production estimate for the portfolio was 99.46% for Tranche 1 (i.e., per the IE, the Year 1 P50 production estimate should equal 99.46% of the reported value) and 99.12% for Tranche 2. As a mitigating factor against underproduction in its cash flow analysis KBRA assumed P90 production for the investment grade scenarios and an increase in payment defaults based on the overall credit score of the underlying homeowners.

KBRA Production Estimate

Probability of exceedance values ("P-values") provide insight into the volatility of the solar resource over a given period. Monte Carlo simulations are used to calculate P-values for the portfolio's energy production. A one-year P-value represents the probability of exceedance for any given individual year. For example, the actual energy production for any given year is equally likely to be higher or lower than the P50 value. Similarly, a multi-year P-value represents the probability of exceedance for any given multi-year (i.e. the average energy production for a given 10-year period is 90% likely to exceed to the 10-year P90). Under the investment grade stress scenarios KBRA analyzed the securitization's cash flows under a one-year P90 to account for the use of satellite data and uncertainty imbedded in the solar resource forecast. However, unlike large scale utility projects, the securitization benefits from a portfolio effect, which should result in a

reduction in inter-annual variability as poor production in one region might be offset by stronger production in another area.

KBRA's rating stress incorporates a reduction in each system's availability rate in order to account for the risk that the systems are offline for a given period of time and unable to produce power. KBRA uses a 1.23% per year degradation assumption under the 'A-' Stress scenario and 1.13% per year under the 'BBB-' Stress scenario to account for the risk that the amount of energy the system can produce deteriorates over time. It should be noted that KBRA's degradation assumptions are substantially higher than the IE's base case P-50 assumption of 0.75% per year.

Summary of Collateral

The Aggregate Discounted SHREC Asset Balance for Tranche 1 and Tranche 2 is approximately $20.1 million and $25.8 million, respectively, while the average Discounted SHREC Asset Balance is $2,966 and $3,552, respectively. The non-zero weighted average FICO score of the underlying homeowners is 749 in Tranche 1 and 750 in Tranche 2. The top three panel manufacturers across the two Tranches account for approximately 58.9% of the collateral by Discounted SHREC Asset Balance, while the top three counties (New Haven, Hartford, and Fairfield) represent approximately 69.9% of the collateral. Approximately 78.6% of the pool is associated with solar panels that are owned by third parties, while the remaining 21.4% are homeowner-owned. The table below summarizes the characteristics of the portfolio by Tranche. For further detail on the collateral stratifications, please see the **Appendix** section of this report.

Summary Statistics	**Tranche 1**	**Tranche 2**	**Total**
Number of PV Systems	6,788	7,250	14,038
Aggregate Discounted SHREC Asset Balance*	$20,130,435	$25,751,231	$45,881,666
Total SHREC Asset Value	$30,902,350	$40,672,646	$71,574,996
Average Discounted SHREC Asset Balance	$2,966	$3,552	$3,268
Range of Discounted SHREC Asset Balance	$336 to $10,354	$337 to $15,707	$336 to $15,707
Aggregate PV System Size (kW DC)	49,102	59,747	108,849
Average PV System Size (kW DC)	7.23	8.24	7.75
Range of PV System Size (kW DC)	1.40 to 21.73	1.08 to 31.05	1.08 to 31.05
Non-Zero Weighted Average Credit Score (weighted by DSAB)	749	750	749
Range of Non-Zero Credit Score	447 to 850	458 to 850	447 to 850
Original Term (months, weighted by DSAB)	180	180	180
Remaining Term (months, weighted by DSAB)	154	166	160
Weighted Average Panel Age (months, weighted by DSAB)	38	27	32
Third Party Owned (% by DSAB)	90.16%	69.60%	78.62%
Homeowner (% by DSAB)	9.84%	30.40%	21.38%
Eversource Energy Grid Connection (% by DSAB)	73.96%	76.66%	75.48%
United Illuminating Grid Connection (% by DSAB)	26.04%	23.34%	24.52%

Cutoff Date - 03/14/2019

**Assumes an annual discount rate of 7.00% discounting the quarterly estimated SHREC asset value starting on the first quarterly collection period following the cutoff date.*

Historical Performance

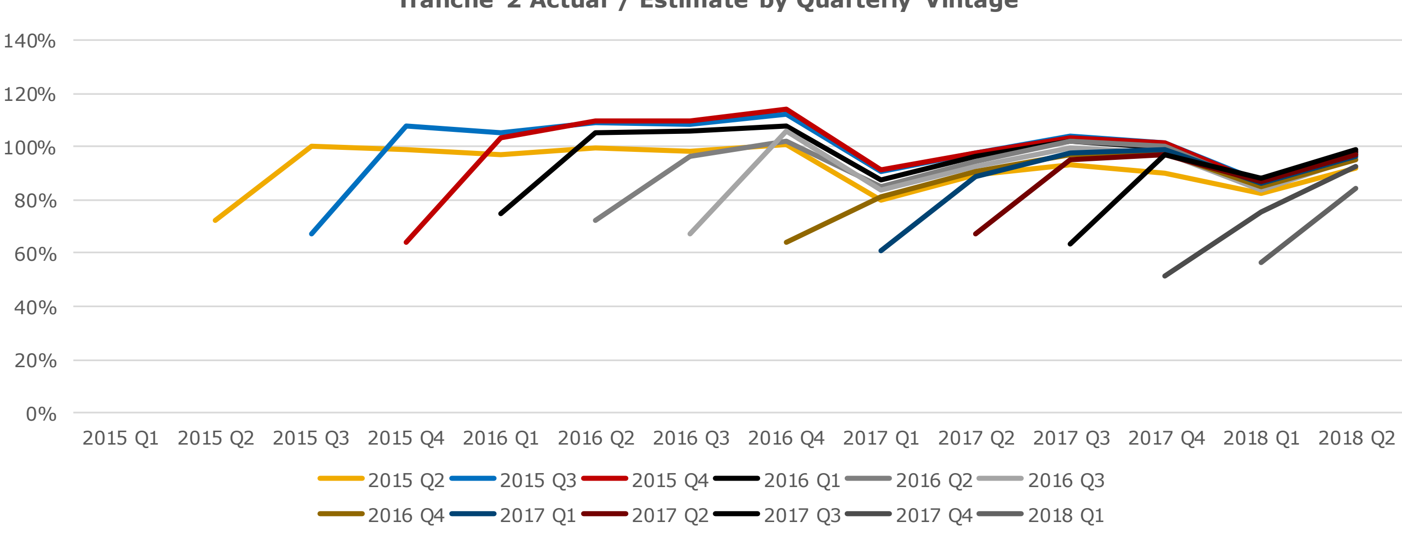
Below are summaries, by Tranche, of the actual historical production levels of the PV Systems in each Tranche, expressed as a percentage of the initial estimates.

Tranche 1 Actual / Estimate by Quarterly Vintage

140%
120%
100%
80%
60%
40%
20%
0%

2015 Q1 2015 Q2 2015 Q3 2015 Q4 2016 Q1 2016 Q2 2016 Q3 2016 Q4 2017 Q1 2017 Q2 2017 Q3 2017 Q4 2018 Q1 2018 Q2

2015 Q1 2015 Q2 2015 Q3 2015 Q4 2016 Q1 2016 Q2 2016 Q3 2016 Q4



Cash Flow Assumptions

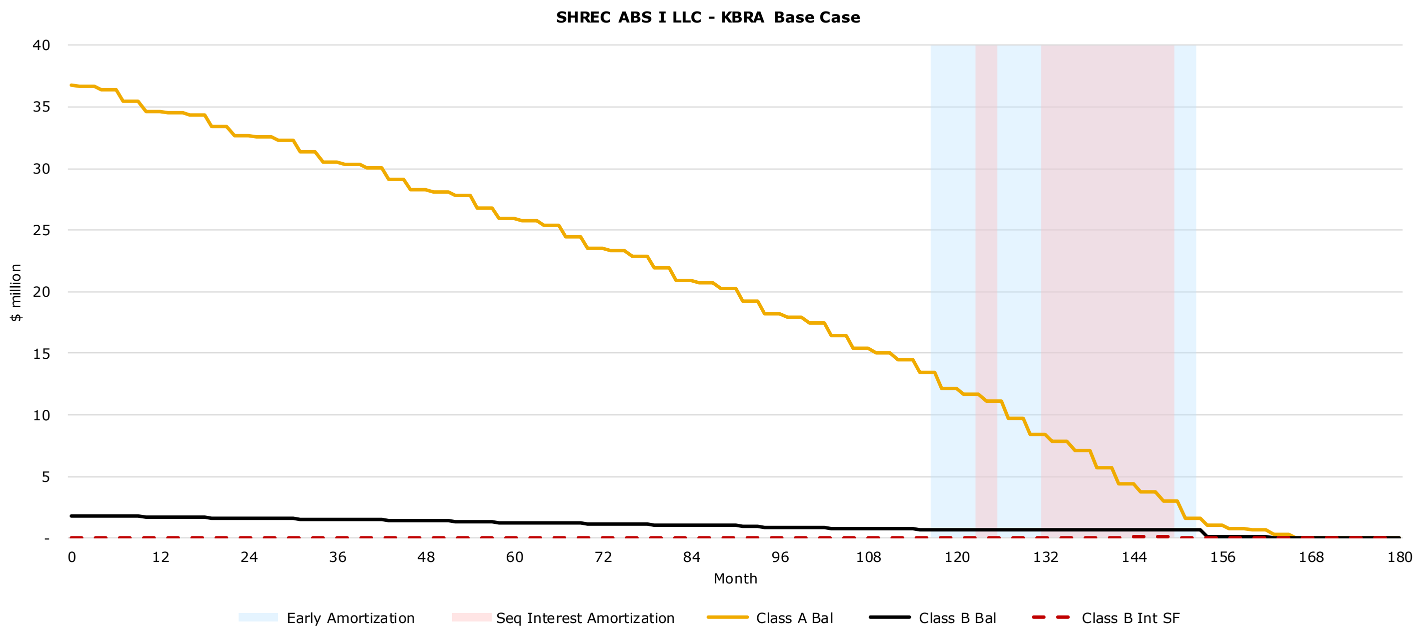
Base Case Scenario

KBRA performed cash flow modeling on the SHREC ABS 1 LLC, Series 2019-1 transaction to determine whether the projected cash flow from the SHREC Receivables were sufficient to warrant the requested rating levels.

KBRA's base case assumes the following:

- P50 energy production
- 4.96% of the homeowners default and never pay again. Homeowner defaults were based on the lowest FICO scores defaulting first and defaults were spread evenly over 10 years. The default rate was calculated by doubling the PD output determined by KBRA's RMBS model, based on each obligor's FICO score.
- KBRA assumed in years 5 and 10, a portion (5.0%/10%) of all residential customers who have not previously defaulted will default and not make payments for 3 months. After 3 months, the customers will renegotiate their contract terms and resume payment.
    - 665 contracts were renegotiated in year 5
    - 1,264 contracts were renegotiated in year 10
- Degradation rate: 0.75% per year
- System availability of 98%

Under the base case scenario the Class A Notes and Class B Notes are repaid in quarterly payment period 56 (Year 14). The chart below illustrates KBRA's base case scenario projections.



KBRA Stress Scenarios

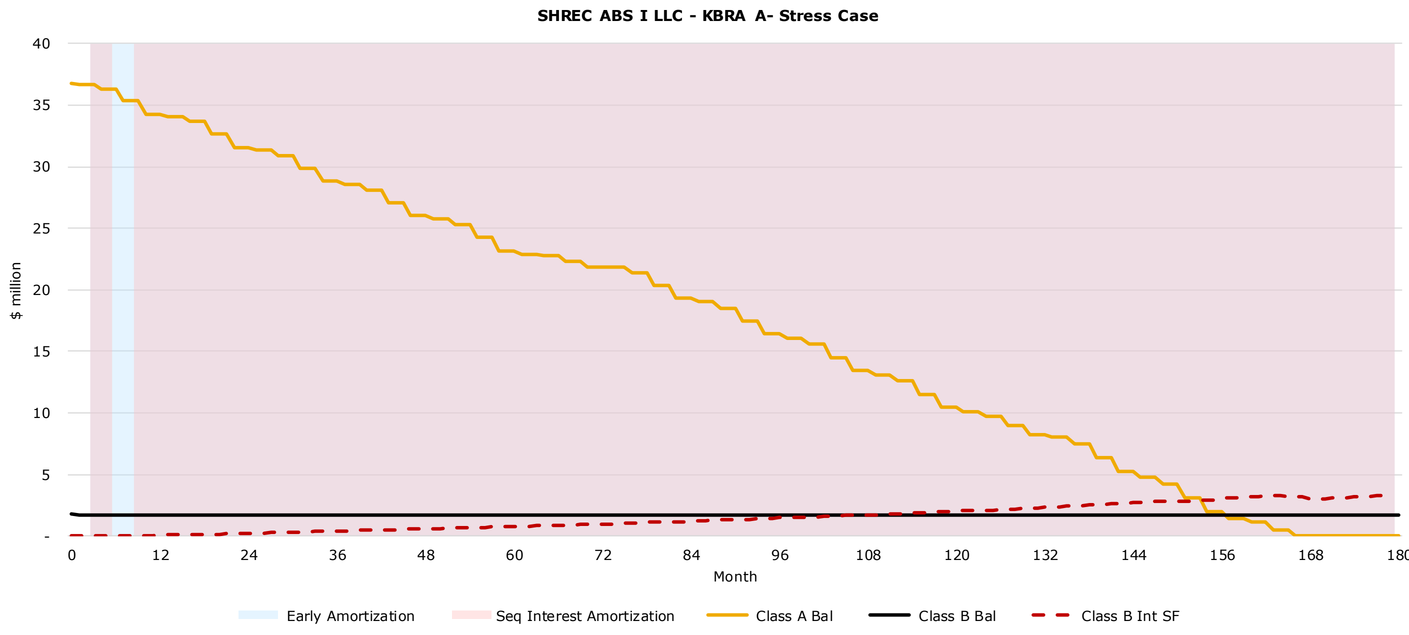
KBRA ran a number of sensitivities to test the transaction structure to test stresses related to timing of defaults, cumulative net losses, and energy production. The scenarios detailed below were analyzed to determine if the transaction structure and cash flows could sustain the requested ratings. Based on the analysis the transaction appears to be able to withstand such stresses.

Scenario 1: 'A-' Stress

Under Scenario 1 the following stresses were applied to the structure:

- P90 energy production
- 13.35% of the homeowners default and never pay again. Homeowner defaults were based on the lowest FICO scores defaulting first and defaults were spread evenly over 10 years. The default rate was calculated by doubling the PD output determined by KBRA's RMBS model, based on each obligor's FICO score.
- KBRA assumed in years 5 and 10, a portion (30%/40%) of all residential customers who have not previously defaulted will default and not make payments for 12 months. After 12 months, the customers will renegotiate their contract terms and resume payment.
    - 3,628 contracts were renegotiated in year 5
    - 3,386 contracts were renegotiated in year 10
- Degradation rate: 1.23% per year
- System availability of 95.5%

In Scenario 1, the Class A Notes are repaid in quarterly payment period 56 (Year 14). The chart below illustrates KBRA's Scenario 1 projections.

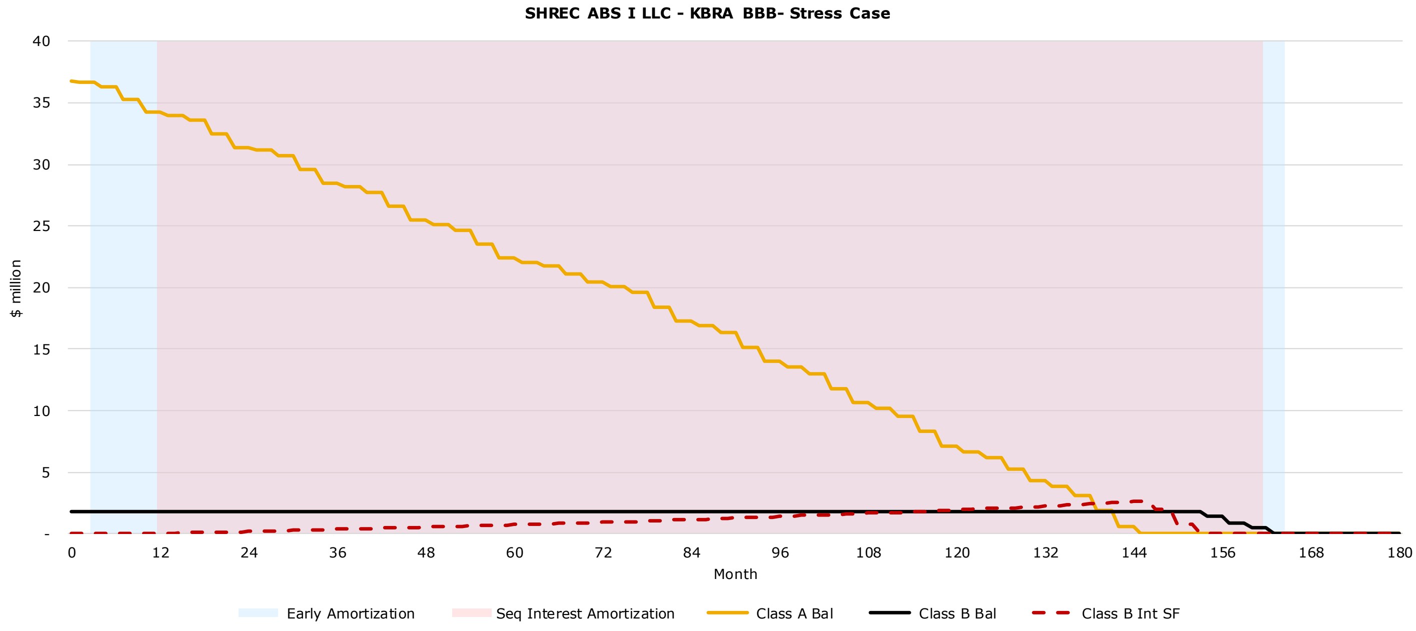


Scenario 2: 'BBB-' Stress

Under Scenario 2 the following stresses were applied to the structure:

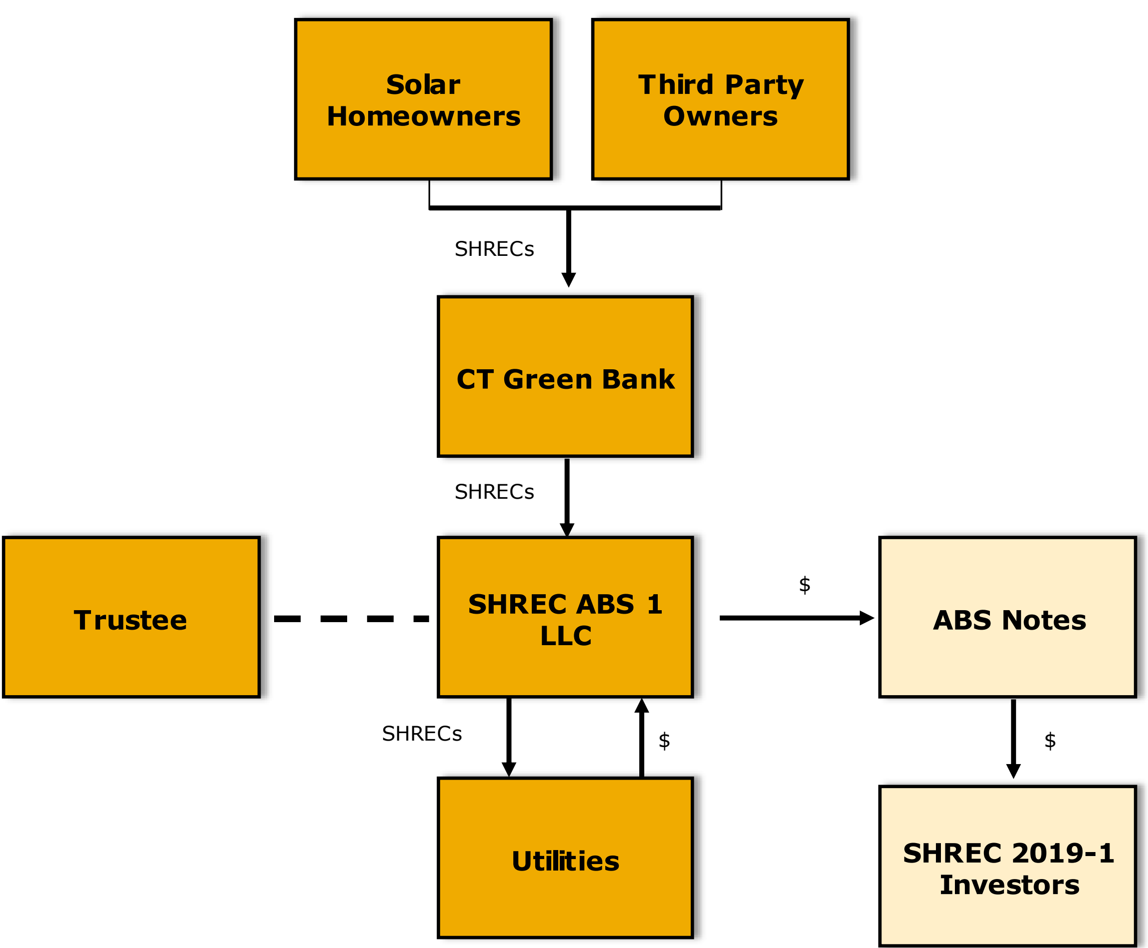
- P90 energy production
- 9.33% of the homeowners default and never pay again. Homeowner defaults were based on the lowest FICO scores defaulting first and defaults were spread evenly over 10 years. The default rate was calculated by doubling the PD output determined by KBRA's RMBS model, based on each obligor's FICO score.
- KBRA assumed in years 5 and 10, a portion (20%/25%) of all residential customers who have not previously defaulted will default and not make payments for 9 months. After 9 months, the customers will renegotiate their contract terms and resume payment.
    - 2,534 contracts were renegotiated in year 5
    - 2,534 contracts were renegotiated in year 10
- Degradation rate: 1.13% per year
- System availability of 97.25%

In Scenario 2, the Class A Notes are repaid in quarterly payment period 50 (Year 13) and the Class B Notes are repaid in quarterly payment period 55 (Year 14). The chart below illustrates KBRA's Scenario 2 projections.



Transaction Structure

Legal Structure	
Transaction Structure	The SHREC ABS 1 LLC, Series 2019-1 Class A Notes and Class B Notes are newly issued asset-backed notes secured by the SHREC Assets associated with PV Systems. The following diagram illustrates the basic securitization structure:



Priority of Payments

On each payment date, available funds will be distributed to pay the following amounts in the following order:

(i) sequentially, in the following order of priority,

(A) to the Trustee, accrued and unpaid Trustee Fees allocable to the Offered Notes with respect to such Payment Date and any prior Payment Dates, and *then*

(B) if an Event of Default has occurred and is continuing, to the Trustee, in respect of reimbursement of accrued and unpaid Trustee Fees with respect to such Payment Date and any prior Payment Dates, plus all fees, expenses, indemnities, and other amounts due and payable to the Trustee allocable to the Series 2019-1 Notes; and *then*

(C) to the Manager, accrued and unpaid Manager Fees allocable to the Series 2019-1 Notes with respect to such Payment Date and any prior Payment Dates; and *then*

(D) to the Manager, any outstanding Advances that were advanced with respect to a SHREC *plus* interest on such amounts at the Advance Interest Rate; and *then*

(E) if an Event of Default has occurred and is continuing, to the Trustee, in respect of reimbursement of accrued and unpaid expenses, indemnities and other amounts due and payable to the Trustee allocable to the Series 2019-1 Notes subject to the Indemnification Cap; and *then*

(ii) to the Holders of the Series 2019-1 Class A Notes in respect of interest *pro rata* based on the amount of Accrued Interest with respect to such Payment Date; and *then*

(iii) if no Sequential Interest Amortization Event has occurred and is continuing, to the Holders of the Series 2019-1 Class B Notes in respect of interest *pro rata* based on the amount of Accrued Interest with respect to such Payment Date; and *then*

(iv) to the Series 2019-1 Liquidity Reserve Account, the amount required to maintain on deposit in the Series 2019-1 Liquidity Reserve Account the Series 2019-1 Liquidity Reserve Required Amount for such Payment Date; and *then*

(v) to the Holders of the Series 2019-1 Class A Notes in respect of principal on the Series 2019-1 Class A Notes *pro rata* based on their respective Note Balances in an amount equal to the Scheduled Principal Payment for the Series 2019-1 Class A Notes for such Payment Date; and *then*

(vi) if a Series 2019-1 Early Amortization Event or Sequential Interest Amortization Event has occurred and is continuing, to the Holders of the Series 2019-1 Class A Notes in respect of principal on the Series 2019-1 Class A Notes *pro rata* based on their respective Note Balances until the Class Principal Balance for the Series 2019-1 Class A Notes has been reduced to zero; and *then*

(vii) if a Series 2019-1 Sequential Interest Amortization Event has occurred and is continuing, to the Holders of the Series 2019-1 Class B Notes in respect of interest *pro rata* based on the amount of Accrued Interest with respect to such Payment Date; and *then*

(viii) to the Holders of the Series 2019-1 Class B Notes in respect of principal on the Series 2019-1 Class B Notes *pro rata* based on their respective Note Balances in an amount equal to the Scheduled Principal Payment for the Series 2019-1 Class B Notes for such Payment Date; and *then*

(ix) if a Series 2019-1 Early Amortization Event has occurred and is continuing, to the Holders of the Series 2019-1 Class B Notes in respect of principal on the Series 2019-1 Class B Notes *pro rata* based on their respective Note Balances until the Class Principal Balance for the Series 2019-1 Class B Notes has been reduced to zero;

(x) to the Trustee, in respect of reimbursement of accrued and unpaid expenses, indemnities and other amounts allocable to the Series 2019-1 Collateral that are in excess of the Indemnification Cap; and then

	(xi) to the collection account for any other Series of Notes pro rata to cover shortfalls in respect of the clauses of such priority of payments for such Series of Notes substantially equivalent to clauses (i)-(x) in the Priority of Payments; and *then* (xii) to the Manager to pay the Discretionary Subordinate Management Fee; and *then* (xiii) to the holder of the equity interests of the Issuer, all remaining amounts.
Early Amortization Event	A "Series 2019-1 Early Amortization Event" will have occurred and be continuing with respect to the Series 2019-1 Notes for any Payment Date if (a) the Series 2019-1 EAE DSCR as of related Determination Date is less than or equal to 1.10x, (b) if an Event of Default has occurred on or prior to and is continuing on such Payment Date (i.e. such Event of Default has not been waived or cured) or (c) a Manager Default has occurred on or prior to and is continuing on such Payment Date (i.e. such Manager Default has not been waived or cured). For the avoidance of doubt, a Series 2019-1 Early Amortization Event will not constitute an Event of Default, other than clause (b). The "Series 2019-1 EAE Debt Service Coverage Ratio" or "Series 2019-1 EAE DSCR" means, with respect to the Series 2019-1 Notes as of any Determination Date, the ratio of (A) the sum of the Series 2019-1 Available Funds for the related Payment Date and the immediately preceding Payment Date (in each case, excluding for purposes of this calculation amounts on deposit in the Liquidity Reserve Account), less the sum of (x) all amounts payable pursuant to clause (i) of the Priority of Payments on the related Payment Date and (y) all amounts paid pursuant to clause (i) of the Priority of Payments on the immediately preceding Payment Date to (B) the sum of (x) the Accrued Interest and Scheduled Principal Payments that the Issuer will be required to pay on the related Payment Date and (y) the Accrued Interest and Scheduled Principal Payments that the Issuer paid on the immediately preceding two Payment Dates on the principal balance of the Series 2019-1 Notes outstanding as of such Determination Date.
Sequential Interest Amortization Event	A "Series 2019-1 Sequential Interest Amortization Event" will have occurred and be continuing with respect to the Series 2019-1 Notes for any Payment Date if (a) the Series 2019-1 SIAE DSCR as of related Determination Date is less than or equal to 1.00x. For the avoidance of doubt, a Series 2019-1 Sequential Interest Amortization Event will not constitute an Event of Default. The "Series 2019-1 SIAE Debt Service Coverage Ratio" or "Series 2019-1 SIAE DSCR" means, with respect to the Series 2019-1 Notes as of any Determination Date, the ratio of (A) the Series 2019-1 Available Funds for the related Payment Date (excluding for purposes of this calculation amounts on deposit in the Liquidity Reserve Account), less all amounts payable pursuant to clause (i) of the Priority of Payments on the related Payment Date to (B) the sum of (x) the Accrued Interest and Scheduled Principal Payments that the Issuer will be required to pay on the related Payment Date. On any Payment Date on which a Series 2019-1 Sequential Interest Amortization Event has occurred and is continuing and on which a Series 2019-1 Early Amortization Event is not occurring and continuing, amounts on deposit in the Series 2019-1 Liquidity Reserve Account will be released by the Trustee into the Series 2019-1 Collection Account up to an amount needed to pay the Accrued Interest on the Series 2019-1 Class A Notes for such Payment Date pursuant to the Priority of Payments. In addition,

	on any Payment Date on which a Series 2019-1 Sequential Interest Amortization Event has occurred and is continuing, no interest will be paid to the Holders of the Series 2019-1 Class B Notes until the Note Amount of the Series 2019-1 Class A Notes has been reduced to zero. For the avoidance of doubt, a Series 2019-1 Sequential Interest Amortization Event will not constitute an Event of Default. The Manager will be entitled to receive a quarterly fee (the "Manager Fee") from the Issuer for performing its duties under the Management Agreement in accordance with the Priority of Payments on each Payment Date in an amount equal to $25,000; provided, that such amount is subject to successive 2% annual increases on the first day of the Collection Period that commences immediately following each anniversary of the Closing Date. The Trustee will be entitled to an annual fee (the "Trustee Fee") for the performance of its duties pursuant to the Indenture in an amount equal to $10,000, commencing on the payment date in March 2020.
Events of Default	The occurrence of any of the following events will be an "Event of Default" under the indenture: i. the failure by the Issuer to pay Available Funds pursuant to the Priority of Payments within two (2) Business Days of each Payment Date; ii. the failure by the Issuer to pay all Accrued Interest to the Noteholders within two (2) Business Days of each Payment Date, which, for the avoidance of doubt, does not include Accrued Interest on the Series 2019-1 Class B Notes when a Series 2019-1 Sequential Interest Amortization Event has occurred and is continuing; iii. the failure by the Issuer to pay the Outstanding Note Balance and all Accrued Interest (including Accrued Interest on the Series 2019-1 Class B Notes when a Series 2019-1 Sequential Interest Amortization Event has occurred and is continuing) on or prior to the Stated Maturity Date; iv. the failure to cure any material breach of a covenant of the Issuer within 30 days (or the required cure period under the Transaction Documents, if such period is shorter) of the Issuer's or the Manager's actual knowledge of such breach or their receipt of written notice of such breach; v. a representation or warranty of the Issuer (other than any representation or warranty related to a SHREC being an Eligible SHREC Asset) is breached in a material respect and not cured within 30 days (or the required cure period under the Transaction Documents, if such period is shorter) of the Issuer's or the Manager's actual knowledge of such breach or their receipt of written notice of such breach; vi. any events of bankruptcy, insolvency, receivership or liquidation of the Issuer; vii. one or more final, non-appealable judgment(s) against the Issuer (if not stayed or bonded) in excess of $1,000,000 individually or in the aggregate;

	viii. the Issuer is required to register as an "investment company" under the Investment Company Act; ix. any Transaction Document is terminated (other than in accordance with its terms) or ceases to be in full force and effect which has a material adverse effect on the Issuer or its ability to make payments on the Notes; x. any license, consent, authorization, registration or approval necessary to enable the Issuer to comply with any of its obligations under the Transaction Documents is revoked, withdrawn or withheld, or is modified or amended in a manner which is materially adverse to the interests of the Noteholders, in each case, that is not remedied within 30 days after the earlier of the Issuer's or the Manager's discovery of or receipt of written notice of such action; xi. any of the Master Purchase Agreements ceases to be in full force and effect; xii. the assignment by the Issuer of its rights under any Transaction Document (other than in accordance with its terms); or xiii. the failure to maintain in favor of the Trustee (for the benefit of the Trustee, the Manager, and the Noteholders) a first priority, perfected security interest in the Collateral.
Manager Default	The occurrence of any of the following events will constitute a "Manager Default" under the Management Agreement: (i) failure by the Manager to perform any material obligation under the Management Agreement that is not remedied within ten (10) days of its receipt of written notice of such failure or discovery of such failure, (ii) any material breach of a representation or warranty of the Manager that is not cured within ten (10) days of its receipt of written notice of such failure or the Manager's discovery of such failure, (iii) certain events of bankruptcy or insolvency of the Manager, (iv) a final, non-appealable judgment in excess of $1,000,000 is made against the Manager or any of its subsidiaries that is not bonded or insured and is not satisfied or discharged within 120 days, or (v) a Change of Control.
Representations and Warranties	For more detailed information regarding the representations, warranties and enforcement mechanisms available under the transaction documents, please see KBRA's SHREC ABS 1 LLC, Series 2019-1 Representations and Warranties Disclosure, which is being published contemporaneously with this pre-sale report. The Representations and Warranties Disclosure is available **here**.

Appendix: Collateral Stratifications

Panel Manufacturer	Number of PV Systems	Percentage of PV Systems	Aggregate Discounted SHREC Asset Balance	Percentage of Aggregate Discounted SHREC Asset Balance	Total SHREC Asset Value	Percentage of Total SHREC Asset Value
Trina Solar	5,295	37.72%	$16,248,283	35.41%	$25,251,493	35.28%
LG Electronics Solar Cell Division	1,491	10.62%	$5,746,037	12.52%	$9,004,493	12.58%
Canadian Solar	1,621	11.55%	$5,039,814	10.98%	$7,838,454	10.95%
REC Solar	926	6.60%	$2,830,899	6.17%	$4,412,631	6.17%
Hyundai Heavy Industries	811	5.78%	$2,751,101	6.00%	$4,280,159	5.98%
SunPower	600	4.27%	$2,654,729	5.79%	$4,170,724	5.83%
Hanwha Q-Cells	772	5.50%	$2,485,962	5.42%	$3,887,853	5.43%
Silfab	802	5.71%	$2,410,003	5.25%	$3,785,692	5.29%
Jinko Solar	657	4.68%	$2,121,518	4.62%	$3,338,472	4.66%
Kyocera Solar	220	1.57%	$816,857	1.78%	$1,261,863	1.76%
SolarWorld	204	1.45%	$752,884	1.64%	$1,179,009	1.65%
JA Solar Holding	120	0.85%	$358,349	0.78%	$566,273	0.79%
Yingli Energy (China)	126	0.90%	$341,247	0.74%	$527,059	0.74%
Centrosolar America	78	0.56%	$315,198	0.69%	$494,368	0.69%
Renesola America	80	0.57%	$248,003	0.54%	$383,787	0.54%
Suniva	42	0.30%	$159,482	0.35%	$249,729	0.35%
Recom	49	0.35%	$156,156	0.34%	$246,556	0.34%
Ecosolargy	32	0.23%	$96,846	0.21%	$152,920	0.21%
Sun Edison	31	0.22%	$77,675	0.17%	$120,615	0.17%
Mitsubishi Electric	24	0.17%	$75,142	0.16%	$116,550	0.16%
Axitec	12	0.09%	$44,416	0.10%	$70,132	0.10%
Phono Solar Technology	13	0.09%	$34,609	0.08%	$54,016	0.08%
Panasonic Group SANYO Electric	7	0.05%	$31,277	0.07%	$49,387	0.07%
WINAICO	8	0.06%	$29,446	0.06%	$46,166	0.06%
ET Solar Industry	5	0.04%	$17,499	0.04%	$26,840	0.04%
Silevo	4	0.03%	$11,034	0.02%	$17,351	0.02%
SolarCity	1	0.01%	$7,900	0.02%	$12,478	0.02%
AU Optronics	1	0.01%	$6,645	0.01%	$10,192	0.01%
Lumos	1	0.01%	$2,602	0.01%	$4,111	0.01%
Global Solar Energy	1	0.01%	$2,526	0.01%	$3,876	0.01%
Renesola Jiangsu	1	0.01%	$2,393	0.01%	$3,677	0.01%
Dow Chemical	1	0.01%	$2,163	0.00%	$3,419	0.00%
Conergy	1	0.01%	$2,102	0.00%	$3,316	0.00%
CertainTeed	1	0.01%	$869	0.00%	$1,335	0.00%
Total	**14,038**	**100.00%**	**$45,881,666**	**100.00%**	**$71,574,996**	**100.00%**

Owner	Number of PV Systems	Percentage of PV Systems	Aggregate Discounted SHREC Asset Balance	Percentage of Aggregate Discounted SHREC Asset Balance	Total SHREC Asset Value	Percentage of Total SHREC Asset Value
Third Party Owned	11,494	81.88%	$36,071,560	78.62%	$56,172,896	78.48%
Homeowner	2,544	18.12%	$9,810,105	21.38%	$15,402,100	21.52%
Total	**14,038**	**100.00%**	**$45,881,666**	**100.00%**	**$71,574,996**	**100.00%**

Installer (Top 10)	Number of PV Systems	Percentage of PV Systems	Aggregate Discounted SHREC Asset Balance	Percentage of Aggregate Discounted SHREC Asset Balance	Total SHREC Asset Value	Percentage of Total SHREC Asset Value
Installer 1	3,851	27.43%	$13,163,336	28.69%	$20,650,231	28.85%
Installer 2	3,859	27.49%	$10,943,725	23.85%	$16,908,230	23.62%
Installer 3	1,111	7.91%	$3,423,980	7.46%	$5,345,446	7.47%
Installer 4	738	5.26%	$2,135,819	4.66%	$3,313,618	4.63%
Installer 5	731	5.21%	$2,079,201	4.53%	$3,255,191	4.55%
Installer 6	484	3.45%	$1,971,239	4.30%	$3,082,846	4.31%
Installer 7	496	3.53%	$1,538,530	3.35%	$2,429,166	3.39%
Installer 8	442	3.15%	$1,442,612	3.14%	$2,227,696	3.11%
Installer 9	316	2.25%	$1,399,079	3.05%	$2,204,197	3.08%
Installer 10	270	1.92%	$1,156,684	2.52%	$1,815,677	2.54%
Other	1,740	12.39%	$6,627,459	14.44%	$10,342,696	14.45%
Total	**14,038**	**100.00%**	**$45,881,666**	**100.00%**	**$71,574,996**	**100.00%**

Inverter Manufacturer	Number of PV Systems	Percentage of PV Systems	Aggregate Discounted SHREC Asset Balance	Percentage of Aggregate Discounted SHREC Asset Balance	Total SHREC Asset Value	Percentage of Total SHREC Asset Value
Manufacturer 1	7,028	50.06%	$22,961,078	50.04%	$35,933,905	50.20%
Manufacturer 2	2,981	21.24%	$9,701,933	21.15%	$15,144,310	21.16%
Manufacturer 3	2,780	19.80%	$8,191,161	17.85%	$12,642,944	17.66%
Manufacturer 4	544	3.88%	$2,108,963	4.60%	$3,292,595	4.60%
Manufacturer 5	395	2.81%	$1,771,043	3.86%	$2,784,355	3.89%
Manufacturer 6	271	1.93%	$1,002,069	2.18%	$1,548,433	2.16%
Manufacturer 7	18	0.13%	$62,763	0.14%	$99,121	0.14%
Manufacturer 8	6	0.04%	$20,919	0.05%	$32,273	0.05%
Manufacturer 9	4	0.03%	$19,378	0.04%	$30,268	0.04%
Manufacturer 10	4	0.03%	$14,251	0.03%	$22,501	0.03%
Manufacturer 11	2	0.01%	$10,836	0.02%	$17,110	0.02%
Manufacturer 12	1	0.01%	$6,393	0.01%	$10,092	0.01%
Manufacturer 13	1	0.01%	$3,813	0.01%	$6,020	0.01%
Manufacturer 14	1	0.01%	$2,810	0.01%	$4,436	0.01%
Manufacturer 15	1	0.01%	$2,391	0.01%	$3,772	0.01%
Manufacturer 16	1	0.01%	$1,865	0.00%	$2,859	0.00%
Total	**14,038**	**100.00%**	**$45,881,666**	**100.00%**	**$71,574,996**	**100.00%**

Commercial Operation Year	Number of PV Systems	Percentage of PV Systems	Aggregate Discounted SHREC Asset Balance	Percentage of Aggregate Discounted SHREC Asset Balance	Total SHREC Asset Value	Percentage of Total SHREC Asset Value
2015	4,283	30.51%	$13,216,322	28.81%	$20,467,749	28.60%
2016	5,891	41.96%	$19,383,636	42.25%	$30,129,625	42.10%
2017	3,464	24.68%	$11,762,650	25.64%	$18,578,841	25.96%
2018	400	2.85%	$1,519,059	3.31%	$2,398,781	3.35%
Total	**14,038**	**100.00%**	**$45,881,666**	**100.00%**	**$71,574,996**	**100.00%**

Owner	Number of PV Systems	Percentage of PV Systems	Aggregate Discounted SHREC Asset Balance	Percentage of Aggregate Discounted SHREC Asset Balance	Total SHREC Asset Value	Percentage of Total SHREC Asset Value
Owner 1	3,361	23.94%	$10,920,395	23.80%	$17,114,584	23.91%
Owner 2	3,669	26.14%	$10,361,819	22.58%	$15,990,028	22.34%
Owner 3	1,135	8.09%	$3,881,286	8.46%	$6,075,133	8.49%
Owner 4	692	4.93%	$2,465,086	5.37%	$3,821,606	5.34%
Owner 5	730	5.20%	$2,111,225	4.60%	$3,275,443	4.58%
Owner 6	455	3.24%	$1,696,309	3.70%	$2,636,880	3.68%
Owner 7	569	4.05%	$1,626,607	3.55%	$2,560,419	3.58%
Owner 8	321	2.29%	$1,005,833	2.19%	$1,588,085	2.22%
Owner 9	173	1.23%	$811,749	1.77%	$1,274,743	1.78%
Owner 10	160	1.14%	$445,753	0.97%	$684,115	0.96%
Owner 11	53	0.38%	$167,159	0.36%	$256,544	0.36%
Owner 12	34	0.24%	$142,380	0.31%	$218,476	0.31%
Owner 13	40	0.28%	$128,775	0.28%	$202,941	0.28%
Owner 14	31	0.22%	$97,041	0.21%	$148,967	0.21%
Owner 15	29	0.21%	$73,399	0.16%	$113,947	0.16%
Owner 16	18	0.13%	$70,097	0.15%	$107,576	0.15%
Owner 17	15	0.11%	$39,238	0.09%	$60,262	0.08%
Owner 18	4	0.03%	$12,417	0.03%	$19,603	0.03%
Owner 19	4	0.03%	$12,182	0.03%	$19,228	0.03%
Owner 20	1	0.01%	$2,813	0.01%	$4,315	0.01%
Homeowner	2,544	18.12%	$9,810,105	21.38%	$15,402,100	21.52%
Total	**14,038**	**100.00%**	**$45,881,666**	**100.00%**	**$71,574,996**	**100.00%**

Utility Company	Number of PV Systems	Percentage of PV Systems	Aggregate Discounted SHREC Asset Balance	Percentage of Aggregate Discounted SHREC Asset Balance	Total SHREC Asset Value	Percentage of Total SHREC Asset Value
Eversource Energy	10,471	74.59%	$34,630,722	75.48%	$54,037,018	75.50%
United Illuminating	3,567	25.41%	$11,250,944	24.52%	$17,537,978	24.50%
Total	**14,038**	**100.00%**	**$45,881,666**	**100.00%**	**$71,574,996**	**100.00%**

Range of Credit Scores	Number of PV Systems	Percentage of PV Systems	Aggregate Discounted SHREC Asset Balance	Percentage of Aggregate Discounted SHREC Asset Balance	Total SHREC Asset Value	Percentage of Total SHREC Asset Value
Credit Score Not Available	891	6.35%	$2,895,702	6.31%	$4,516,895	6.31%
Less than or equal to 599	736	5.24%	$2,261,038	4.93%	$3,524,393	4.92%
600 to 624	342	2.44%	$1,070,664	2.33%	$1,666,636	2.33%
625 to 649	512	3.65%	$1,633,287	3.56%	$2,550,325	3.56%
650 to 674	664	4.73%	$2,190,702	4.77%	$3,417,845	4.78%
675 to 699	879	6.26%	$2,802,974	6.11%	$4,375,151	6.11%
700 to 724	1,140	8.12%	$3,652,060	7.96%	$5,699,470	7.96%
725 to 749	1,299	9.25%	$4,273,801	9.31%	$6,663,321	9.31%
750 to 774	1,424	10.14%	$4,779,835	10.42%	$7,462,848	10.43%
775 to 799	1,834	13.06%	$6,047,044	13.18%	$9,434,172	13.18%
800 to 824	2,598	18.51%	$8,509,962	18.55%	$13,275,750	18.55%
825 to 850	1,719	12.25%	$5,764,598	12.56%	$8,988,191	12.56%
Total	**14,038**	**100.00%**	**$45,881,666**	**100.00%**	**$71,574,996**	**100.00%**

Range of PV System Sizes (kW DC)	Number of PV Systems	Percentage of PV Systems	Aggregate Discounted SHREC Asset Balance	Percentage of Aggregate Discounted SHREC Asset Balance	Total SHREC Asset Value	Percentage of Total SHREC Asset Value
0.001 to 2.000	21	0.15%	$13,906	0.03%	$21,597	0.03%
2.001 to 4.000	1,204	8.58%	$1,716,726	3.74%	$2,666,217	3.73%
4.001 to 6.000	3,467	24.70%	$7,613,469	16.59%	$11,837,216	16.54%
6.001 to 8.000	3,709	26.42%	$10,996,338	23.97%	$17,123,410	23.92%
8.001 to 10.000	2,591	18.46%	$9,703,689	21.15%	$15,162,370	21.18%
10.001 to 12.000	1,693	12.06%	$7,718,746	16.82%	$12,054,518	16.84%
12.001 to 14.000	688	4.90%	$3,644,605	7.94%	$5,703,352	7.97%
14.001 to 16.000	346	2.46%	$2,092,576	4.56%	$3,275,766	4.58%
16.001 to 18.000	179	1.28%	$1,225,817	2.67%	$1,916,741	2.68%
18.001 to 20.000	102	0.73%	$802,754	1.75%	$1,256,930	1.76%
Greater than or equal to 20.001	38	0.27%	$353,040	0.77%	$556,879	0.78%
Total	**14,038**	**100.00%**	**$45,881,666**	**100.00%**	**$71,574,996**	**100.00%**

Host Customer County	Number of PV Systems	Percentage of PV Systems	Aggregate Discounted SHREC Asset Balance	Percentage of Aggregate Discounted SHREC Asset Balance	Total SHREC Asset Value	Percentage of Total SHREC Asset Value
New Haven	3,842	27.37%	$12,688,867	27.66%	$19,799,360	27.66%
Hartford	3,847	27.40%	$11,805,953	25.73%	$18,411,528	25.72%
Fairfield	2,311	16.46%	$7,580,789	16.52%	$11,838,208	16.54%
New London	1,028	7.32%	$3,528,568	7.69%	$5,493,672	7.68%
Middlesex	789	5.62%	$2,734,176	5.96%	$4,268,559	5.96%
Litchfield	762	5.43%	$2,623,469	5.72%	$4,087,327	5.71%
Tolland	711	5.06%	$2,480,116	5.41%	$3,874,424	5.41%
Windham	748	5.33%	$2,439,727	5.32%	$3,801,918	5.31%
Total	**14,038**	**100.00%**	**$45,881,666**	**100.00%**	**$71,574,996**	**100.00%**

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Attached please find an electronic copy of the private offering memorandum (the "**Offering Memorandum**"), dated March [11], 2019, relating to the Series 2019-1 Notes (as such term is defined therein) offered by SHREC ABS 1 LLC (the "**Issuer**").

The Offering Memorandum is highly confidential and does not constitute an offer to any person other than the recipient to subscribe for or otherwise acquire the Series 2019-1 Notes described therein. The Offering Memorandum is not an offer to sell the Series 2019-1 Notes and is not a solicitation of an offer to buy the Series 2019-1 Notes in any jurisdiction where such offer or sale is not permitted.

DISTRIBUTION OF THE OFFERING MEMORANDUM TO ANY PERSON OTHER THAN THE PERSON RECEIVING THIS ELECTRONIC COPY FROM THE INITIAL PURCHASER REFERRED TO THEREIN AND ITS AGENTS, AND ANY PERSONS RETAINED TO ADVISE THE PERSON RECEIVING THIS ELECTRONIC TRANSMISSION FROM THE INITIAL PURCHASER WITH RESPECT THERETO IS UNAUTHORIZED. ANY PHOTOCOPYING, DISCLOSURE OR ALTERATION OF THE CONTENTS OF THE OFFERING MEMORANDUM, AND ANY FORWARDING OF A COPY OF THE OFFERING MEMORANDUM BY ANY MEANS TO ANY PERSON OTHER THAN THE PERSON RECEIVING THIS COPY FROM THE INITIAL PURCHASER OR ITS AGENTS IS PROHIBITED. BY ACCEPTING DELIVERY OF THE OFFERING MEMORANDUM, THE RECIPIENT AGREES TO THE FOREGOING.

THE OFFERING MEMORANDUM SUPERSEDES IN ITS ENTIRETY ANY MATERIALS THAT YOU MAY HAVE PREVIOUSLY RECEIVED WITH RESPECT TO THE SERIES 2019-1 NOTES OR THE OBLIGORS WITH RESPECT THERETO OR THE BUSINESS AND OPERATIONS OF ANY OF THE FOREGOING. YOU SHOULD RELY ONLY ON THE OFFERING MEMORANDUM (AND ANY AMENDMENTS AND SUPPLEMENTS THERETO) IN MAKING ANY INVESTMENT DECISION RELATING TO THE SERIES 2019-1 NOTES.

SUBJECT TO COMPLETION, DATED AS OF MARCH 13, 2019

OFFERING MEMORANDUM | STRICTLY CONFIDENTIAL

This preliminary Offering Memorandum is subject to completion. The Notes offered hereby may not be sold nor may offers to buy be accepted prior to the time a final Offering Memorandum is completed. This preliminary Offering Memorandum shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these Notes in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration, qualification or exemption under the securities laws of any such jurisdiction.

$36,800,000 Series 2019-1 Notes, Class A
$1,800,000 Series 2019-1 Notes, Class B

SHREC Collateralized Notes

SHREC ABS 1 LLC

Issuer

Connecticut Green Bank
Parent and Manager

The Issuer will issue two classes (each, a "**Class**") of Series 2019-1 Notes as follows: (i) approximately $36,800,000 of Class A Notes (the "**Series 2019-1 Class A Notes**") and (ii) approximately $1,800,000 of Series 2019-1 Class B Notes (the "**Series 2019-1 Class B Notes**", and together with the Series 2019-1 Class A Notes, the ("**Series 2019-1 Notes**"). The principal amount of any Series 2019-1 Note (a "**Note Balance**"), with respect to any date of determination, is equal to its Note Balance on the Closing Date (the "**Initial Note Balance**") minus all distributions in respect of principal that were actually paid to the holder(s) of such Series 2019-1 Note. The aggregate Note Balance for the Notes of any particular Class of Notes is referred to in this Offering Memorandum (this "**Offering Memorandum**") as the "**Class Principal Balance**" of such Class of Notes. The aggregate Note Balances of all Notes outstanding as of any date of determination is the "**Outstanding Note Balance**".

The Series 2019-1 Notes represent obligations solely of the Issuer and are not insured or guaranteed by the State of Connecticut, the Parent or any of its affiliates or by any other person or entity. The Issuer has no significant assets other than the Series 2019-1 Collateral. Investing in the Series 2019-1 Notes involves risks. See "*Risk Factors*" in this Offering Memorandum.

Note Rate for the Class A Notes	●%
Note Rate for the Class B Notes	●%
Note Interest Accrual Method	30/360
Stated Maturity Date	June 15, 2044
Anticipated Class A Notes Rating by Kroll Bond Rating Agency, Inc.	"A- (sf)"
Anticipated Class B Notes Rating by Kroll Bond Rating Agency, Inc.	"BBB- (sf)"

Distributions of principal and interest on the Notes will be made on the 15th (fifteenth) day of March, June, September or December or, if such day is not a Business Day, then on the next succeeding Business Day (each, a "**Payment Date**"), commencing in June 2019. On each Payment Date, holders of the Series 2019-1 Notes will be entitled to receive, from and to the extent of funds available therefor, distributions as calculated and described in this Offering Memorandum. The Series 2019-1 Notes will be paid solely from, and will be secured by, the Series 2019-1 Collateral. The Series 2019-1 Collateral consists primarily of a pool of renewable energy credits generated under Parent's Solar Home Renewable Energy Credit program and the related environmental attributes (as described herein) (collectively, "**SHRECs**") and the proceeds thereof accruing from the Master Purchase Agreements, in each case as more completely described in this Offering Memorandum.

THE SERIES 2019-1 NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR REGISTERED OR QUALIFIED UNDER ANY STATE SECURITIES LAWS. THE SERIES 2019-1 NOTES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT ("REGULATION S")), EXCEPT TO "QUALIFIED INSTITUTIONAL BUYERS" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT ("RULE 144A")). THE SERIES 2019-1 NOTES MAY ALSO BE OFFERED OR SOLD ONLY TO NON-U.S. PERSONS IN TRANSACTIONS OUTSIDE THE UNITED STATES IN RELIANCE ON REGULATION S.

The Issuer will be relying on an exclusion or exemption from the definition of "investment company" under the Investment Company Act of 1940, as amended (the "**Investment Company Act**") contained in Section 2(b) of the Investment Company Act, although there may be additional exclusions or exemptions available to the Issuer. The Issuer is being structured so as not to constitute a "covered fund" for purposes of the Volcker Rule under the Dodd-Frank Act.

RBC Capital Markets, LLC (the "**Initial Purchaser**") has agreed to use its best efforts to identify investors to purchase the Series 2019-1 Notes offered by this Offering Memorandum, and to purchase from the Issuer all Series 2019-1 Notes that investors are ready, willing and able to purchase on or about March 21, 2019 (the "**Closing Date**"). The Initial Purchaser has advised the Issuer that it proposes to use its best efforts to execute trades with investors in the Series 2019-1 Notes at the time of pricing at an agreed-upon price. Transfer of the Series 2019-1 Notes to the Initial Purchaser is subject to prior sale, withdrawal, cancellation or modification of the offer without notice and subject to the delivery to and acceptance by the Initial Purchaser and certain further conditions set forth in this Offering Memorandum for the offering of the Series 2019-1 Notes. It is expected that the delivery of the Series 2019-1 Notes will be made through the facilities of The Depository Trust Company ("**DTC**") in the United States and Clear stream Banking, *société anonyme* ("**Clearstream**") and Euroclear Bank SA/NV, as operator of the Euroclear System ("**Euroclear**"), in Europe, on or about the Closing Date, against payment for such certificates in immediately available funds.

RBC CAPITAL MARKETS

Sole Structuring Agent and Sole Bookrunner

Dated March ●, 2019

THIS OFFERING MEMORANDUM HAS BEEN PREPARED BY THE ISSUER SOLELY FOR THE PURPOSE OF OFFERING THE SERIES 2019-1 NOTES DESCRIBED HEREIN. THIS OFFERING MEMORANDUM IS FURNISHED TO YOU ON A CONFIDENTIAL BASIS SOLELY FOR THE PURPOSE OF EVALUATING THE INVESTMENT OFFERED HEREBY. THE INFORMATION CONTAINED HEREIN MAY NOT BE REPRODUCED OR USED IN WHOLE OR IN PART FOR ANY OTHER PURPOSE. NOTWITHSTANDING ANY OTHER EXPRESS OR IMPLIED AGREEMENT TO THE CONTRARY, THE ISSUER, THE INITIAL PURCHASER AND EACH RECIPIENT HEREOF AGREE THAT EACH OF THEM AND EACH OF THEIR EMPLOYEES, REPRESENTATIVES AND OTHER AGENTS MAY DISCLOSE, IMMEDIATELY UPON COMMENCEMENT OF DISCUSSIONS, TO ANY AND ALL PERSONS, WITHOUT LIMITATION OF ANY KIND, THE TAX TREATMENT AND TAX STRUCTURE OF THE TRANSACTION AND ALL MATERIALS OF ANY KIND (INCLUDING OPINIONS OR OTHER TAX ANALYSES) THAT ARE PROVIDED TO ANY OF THEM RELATING TO SUCH TAX TREATMENT AND TAX STRUCTURE, EXCEPT WHERE CONFIDENTIALITY IS REASONABLY NECESSARY TO COMPLY WITH U.S. FEDERAL OR STATE SECURITIES LAWS. FOR PURPOSES OF THIS PARAGRAPH, THE TERMS "TAX," "TAX TREATMENT" AND "TAX STRUCTURE" ARE DEFINED UNDER TREASURY REGULATIONS §1.6011-4(C).

THIS OFFERING MEMORANDUM DOES NOT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY ANY SECURITIES OTHER THAN THE SERIES 2019-1 NOTES, NOR AN OFFER OF THE SERIES 2019-1 NOTES TO ANY PERSON IN ANY STATE OR OTHER JURISDICTION IN WHICH SUCH OFFER WOULD BE UNLAWFUL.

THIS OFFERING MEMORANDUM HAS BEEN PREPARED FROM INFORMATION FURNISHED BY THE PARENT, THE MANAGER, THE ISSUER, AND FROM OTHER SOURCES. NONE OF THE INITIAL PURCHASER OR THE TRUSTEE MAKE ANY REPRESENTATIONS OR WARRANTIES AS TO THE ACCURACY OR COMPLETENESS OF THE INFORMATION CONTAINED IN THIS OFFERING MEMORANDUM AND NOTHING HEREIN SHALL BE DEEMED TO CONSTITUTE SUCH A REPRESENTATION OR WARRANTY BY THE INITIAL PURCHASER OR THE TRUSTEE OR A PROMISE OR REPRESENTATION AS TO THE FUTURE PERFORMANCE OF THE PARENT, THE MANAGER, THE ISSUER OR THE COLLATERAL. EXCEPT WHERE OTHERWISE INDICATED, THIS OFFERING MEMORANDUM SPEAKS AS OF THE DATE HEREOF.

NO PERSON HAS BEEN AUTHORIZED TO MAKE ANY REPRESENTATION OR TO GIVE ANY INFORMATION WITH RESPECT TO THE SERIES 2019-1 NOTES, EXCEPT THE INFORMATION CONTAINED OR INCORPORATED HEREIN. PROSPECTIVE INVESTORS SHOULD NOT RELY ON INFORMATION OTHER THAN THAT CONTAINED OR INCORPORATED IN THIS OFFERING MEMORANDUM.

EACH PERSON RECEIVING THIS OFFERING MEMORANDUM ACKNOWLEDGES THAT (I) SUCH PERSON HAS BEEN AFFORDED AN OPPORTUNITY TO REQUEST FROM THE ISSUER AND TO REVIEW, AND HAS RECEIVED, ALL ADDITIONAL INFORMATION CONSIDERED BY IT TO BE NECESSARY TO VERIFY THE ACCURACY OF, OR TO SUPPLEMENT, THE INFORMATION HEREIN, (II) SUCH PERSON HAS NOT RELIED ON THE INITIAL PURCHASER, THE TRUSTEE OR ANY PERSON AFFILIATED WITH THE INITIAL PURCHASER IN CONNECTION WITH THEIR INVESTIGATION OF THE ACCURACY OF SUCH INFORMATION OR ITS INVESTMENT DECISION AND (III) NO ONE HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION CONCERNING THE ISSUER OR THE SERIES 2019-1 NOTES OTHER THAN AS CONTAINED HEREIN AND INFORMATION GIVEN BY DULY AUTHORIZED REPRESENTATIVES OF THE ISSUER IN CONNECTION WITH SUCH PERSON'S EXAMINATION OF THE ISSUER AND THE TERMS OF THE OFFERING, AND, IF GIVEN OR MADE, SUCH OTHER INFORMATION OR REPRESENTATIONS SHOULD NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE ISSUER OR THE INITIAL PURCHASER.

THE OBLIGATIONS OF THE PARTIES TO THE TRANSACTIONS CONTEMPLATED HEREIN ARE SET FORTH IN AND WILL BE GOVERNED BY CERTAIN DOCUMENTS DESCRIBED HEREIN. ALL OF THE STATEMENTS AND INFORMATION HEREIN ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO SUCH DOCUMENTS.

THE SERIES 2019-1 NOTES ARE OFFERED SUBJECT TO PRIOR SALE, WHEN, AS AND IF ISSUED, SUBJECT TO THE RIGHT OF THE INITIAL PURCHASER TO REJECT ANY SUBSCRIPTION FOR THE NOTES, IN WHOLE OR IN PART, FOR ANY REASON AND SUBJECT TO CERTAIN OTHER CONDITIONS SET FORTH HEREIN.

WE CANNOT ASSURE YOU THAT A SECONDARY MARKET FOR ANY OF THE SERIES 2019-1 NOTES WILL DEVELOP OR, IF IT DOES DEVELOP, THAT IT WILL CONTINUE. THE SERIES 2019-1 NOTES WILL NOT BE LISTED ON ANY SECURITIES EXCHANGE.

THIS OFFERING MEMORANDUM IS NOT INTENDED TO FURNISH LEGAL, REGULATORY, TAX OR ACCOUNTING ADVICE TO ANY PROSPECTIVE INVESTOR IN THE SERIES 2019-1 NOTES. THIS OFFERING MEMORANDUM SHOULD BE REVIEWED BY EACH PROSPECTIVE INVESTOR AND ITS LEGAL, REGULATORY, TAX AND ACCOUNTING ADVISORS. INVESTORS WHOSE INVESTMENT AUTHORITY IS SUBJECT TO LEGAL RESTRICTIONS SHOULD CONSULT THEIR OWN LEGAL ADVISORS TO DETERMINE WHETHER AND TO WHAT EXTENT THE NOTES CONSTITUTE LEGAL INVESTMENTS FOR THEM.

EACH PROSPECTIVE PURCHASER OF ANY OF THE SERIES 2019-1 NOTES MUST COMPLY WITH ALL APPLICABLE LAWS AND REGULATIONS IN FORCE IN ANY JURISDICTION IN WHICH IT PURCHASES, OFFERS OR SELLS SUCH SERIES 2019-1 NOTES OR POSSESSES OR DISTRIBUTES THIS OFFERING MEMORANDUM AND MUST OBTAIN ANY CONSENT, APPROVAL OR PERMISSION REQUIRED BY IT FOR THE PURCHASE, OFFER OR SALE BY IT OF THE SERIES 2019-1 NOTES UNDER THE LAWS AND REGULATIONS IN FORCE IN ANY JURISDICTION TO WHICH IT IS SUBJECT OR IN WHICH IT MAKES SUCH PURCHASES, OFFERS OR SALES, AND NONE OF THE ISSUER, THE PARENT, THE INITIAL PURCHASER, THE MANAGER, THE TRUSTEE AND ANY OF THEIR RESPECTIVE AFFILIATES SHALL HAVE ANY RESPONSIBILITY THEREFOR.

THE SERIES 2019-1 NOTES ARE EXPECTED TO BE DELIVERED AGAINST PAYMENT THEREFOR ON OR ABOUT THE CLOSING DATE SPECIFIED ON THE COVER PAGE OF THIS OFFERING MEMORANDUM, WHICH IS EXPECTED TO BE THE ● BUSINESS DAY FOLLOWING THE DATE OF THE PRICING OF THE SERIES 2019-1 NOTES, OR "T + ●". THE TIME OF DELIVERY OF THE SERIES 2019-1 NOTES IS SCHEDULED FOR ON OR ABOUT MARCH 21, 2019. SINCE TRADES IN THE SECONDARY MARKET GENERALLY SETTLE IN TWO BUSINESS DAYS, PURCHASERS WHO WISH TO TRADE SERIES 2019-1 NOTES ON THE DATE OF PRICING WILL BE REQUIRED, BY VIRTUE OF THE FACT THAT THE SERIES 2019-1 NOTES WILL SETTLE IN T + ●, TO SPECIFY ALTERNATIVE SETTLEMENT ARRANGEMENTS TO PREVENT A FAILED SETTLEMENT.

UNITED KINGDOM

THE INITIAL PURCHASER HAS REPRESENTED AND AGREED THAT:

(A) IN THE UNITED KINGDOM, IT HAS ONLY COMMUNICATED OR CAUSED TO BE COMMUNICATED AND WILL ONLY COMMUNICATE OR CAUSE TO BE COMMUNICATED AN INVITATION OR INDUCEMENT TO ENGAGE IN INVESTMENT ACTIVITY (WITHIN THE MEANING OF SECTION 21 OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (THE "FSMA")) RECEIVED BY IT IN CONNECTION WITH THE ISSUE OR SALE OF THE SERIES 2019-1 NOTES IN CIRCUMSTANCES IN WHICH SECTION 21(1) OF THE FSMA DOES NOT APPLY TO THE ISSUER; AND

(B) IT HAS COMPLIED AND WILL COMPLY WITH ALL APPLICABLE PROVISIONS OF THE FSMA WITH RESPECT TO ANYTHING DONE BY IT IN RELATION TO THE SERIES 2019-1 NOTES IN, FROM OR OTHERWISE INVOLVING THE UNITED KINGDOM.

NOTICE TO UNITED KINGDOM INVESTORS

THE ISSUER MAY CONSTITUTE A "COLLECTIVE INVESTMENT SCHEME" AS DEFINED BY SECTION 235 OF THE FSMA THAT IS NOT A "RECOGNIZED COLLECTIVE INVESTMENT SCHEME" FOR THE PURPOSES OF THE FSMA AND THAT HAS NOT BEEN AUTHORIZED OR OTHERWISE APPROVED. AS AN UNREGULATED SCHEME, THE SERIES 2019-1 NOTES CANNOT BE MARKETED IN THE UNITED KINGDOM TO THE GENERAL PUBLIC, EXCEPT IN ACCORDANCE WITH THE FSMA.

THE DISTRIBUTION OF THIS OFFERING MEMORANDUM (A) IF MADE BY A PERSON WHO IS NOT AN AUTHORIZED PERSON UNDER THE FSMA, IS BEING MADE ONLY TO, OR DIRECTED ONLY AT, PERSONS WHO (I) ARE OUTSIDE THE UNITED KINGDOM, OR (II) HAVE PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS AND QUALIFY AS INVESTMENT PROFESSIONALS IN ACCORDANCE WITH ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2001 (THE "FINANCIAL PROMOTION ORDER"), OR (III) ARE PERSONS FALLING WITHIN ARTICLE 49(2)(A) THROUGH (D) ("HIGH NET WORTH COMPANIES, UNINCORPORATED ASSOCIATIONS, ETC.") OF THE FINANCIAL PROMOTION ORDER (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS "FPO PERSONS"); AND (B) IF MADE BY A PERSON WHO IS AN AUTHORIZED PERSON UNDER THE FSMA, IS BEING MADE ONLY TO, OR DIRECTED ONLY AT, PERSONS WHO (I) ARE OUTSIDE THE UNITED KINGDOM, OR (II) HAVE PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS AND QUALIFY AS INVESTMENT PROFESSIONALS IN ACCORDANCE WITH ARTICLE 14(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (PROMOTION OF COLLECTIVE INVESTMENT SCHEMES) (EXEMPTIONS) ORDER 2001 (THE "PROMOTION OF COLLECTIVE INVESTMENT SCHEMES EXEMPTIONS ORDER"), OR (III) ARE PERSONS FALLING WITHIN ARTICLE 22(2)(A) THROUGH (D) ("HIGH NET WORTH COMPANIES, UNINCORPORATED ASSOCIATIONS, ETC.") OF THE PROMOTION OF COLLECTIVE INVESTMENT SCHEMES EXEMPTIONS ORDER (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS "PCIS PERSONS" AND, TOGETHER WITH THE FPO PERSONS, THE "RELEVANT PERSONS").

THIS OFFERING MEMORANDUM MUST NOT BE ACTED ON OR RELIED ON BY PERSONS WHO ARE NOT RELEVANT PERSONS. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS OFFERING MEMORANDUM RELATES, INCLUDING THE SERIES 2019-1 NOTES, IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS. ANY PERSONS OTHER THAN RELEVANT PERSONS SHOULD NOT ACT OR RELY ON THIS OFFERING MEMORANDUM.

POTENTIAL INVESTORS IN THE UNITED KINGDOM ARE ADVISED THAT ALL, OR MOST, OF THE PROTECTIONS AFFORDED BY THE UNITED KINGDOM REGULATORY SYSTEM WILL NOT APPLY TO AN INVESTMENT IN THE SERIES 2019-1 NOTES AND THAT COMPENSATION WILL NOT BE AVAILABLE UNDER THE UNITED KINGDOM FINANCIAL SERVICES COMPENSATION SCHEME.

EUROPEAN ECONOMIC AREA

THIS OFFERING MEMORANDUM IS NOT A PROSPECTUS FOR THE PURPOSES OF THE PROSPECTUS DIRECTIVE (AS DEFINED BELOW).

THE SERIES 2019-1 NOTES ARE NOT INTENDED TO BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO AND SHOULD NOT BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO ANY RETAIL INVESTOR IN THE EUROPEAN ECONOMIC AREA (THE "EEA", WHICH SHALL BE DEEMED TO INCLUDE THE UNITED KINGDOM FOLLOWING ITS WITHDRAWAL FROM THE EEA). FOR THESE PURPOSES, A RETAIL INVESTOR MEANS A PERSON WHO IS ONE (OR MORE) OF THE FOLLOWING: (I) A RETAIL CLIENT AS DEFINED IN POINT (11) OF ARTICLE 4(1) OF DIRECTIVE 2014/65/EU (AS AMENDED, "MIFID II"); OR (II) A CUSTOMER WITHIN THE MEANING OF DIRECTIVE 2016/97/EU(AS AMENDED), WHERE THAT CUSTOMER WOULD NOT QUALIFY AS A PROFESSIONAL CLIENT AS DEFINED IN POINT (10) OF ARTICLE 4(1) OF MIFID II; OR (III) NOT A QUALIFIED INVESTOR AS DEFINED IN DIRECTIVE 2003/71/EC (AS AMENDED, THE "PROSPECTUS DIRECTIVE").

CONSEQUENTLY, NO KEY INFORMATION DOCUMENT REQUIRED BY REGULATION (EU) NO 1286/2014 (AS AMENDED, THE "PRIIPS REGULATION") FOR OFFERING OR SELLING THE SERIES 2019-1 NOTES OR OTHERWISE MAKING THEM AVAILABLE TO RETAIL INVESTORS IN THE EEA HAS BEEN PREPARED AND THEREFORE OFFERING OR SELLING THE NOTES OR OTHERWISE MAKING THEM AVAILABLE TO ANY RETAIL INVESTOR IN THE EEA MAY BE UNLAWFUL UNDER THE PRIIPS REGULATION.

FURTHERMORE, THIS OFFERING MEMORANDUM HAS BEEN PREPARED ON THE BASIS THAT ANY OFFER OF NOTES IN THE EEA WILL ONLY BE MADE TO A LEGAL ENTITY WHICH IS A QUALIFIED INVESTOR UNDER THE PROSPECTUS DIRECTIVE. ACCORDINGLY, ANY PERSON MAKING OR INTENDING TO MAKE AN OFFER IN THE EEA OF THE SERIES 2019-1 NOTES MAY ONLY DO SO WITH RESPECT TO QUALIFIED INVESTORS. NONE OF THE ISSUER OR THE INITIAL PURCHASER HAS AUTHORIZED, NOR DOES ANY OF THEM AUTHORIZE, THE MAKING OF ANY OFFER OF SERIES 2019-1 NOTES OTHER THAN TO QUALIFIED INVESTORS.

EUROPEAN ECONOMIC AREA SELLING RESTRICTIONS

THE INITIAL PURCHASER HAS REPRESENTED AND AGREED THAT IT HAS NOT OFFERED, SOLD OR OTHERWISE MADE AVAILABLE AND WILL NOT OFFER, SELL OR OTHERWISE MAKE AVAILABLE ANY SERIES 2019-1 NOTES TO ANY RETAIL INVESTOR IN THE EUROPEAN ECONOMIC AREA. FOR THE PURPOSES OF THIS PROVISION:

(A) THE EXPRESSION "RETAIL INVESTOR" MEANS A PERSON WHO IS ONE (OR MORE) OF THE FOLLOWING: (1) A RETAIL CLIENT AS DEFINED IN POINT (11) OF ARTICLE 4(1) OF DIRECTIVE 2014/65/EU (AS AMENDED, "MIFID II"); OR (2) A CUSTOMER WITHIN THE MEANING OF DIRECTIVE 2016/97/EU (AS AMENDED), WHERE THAT CUSTOMER WOULD NOT QUALIFY AS A PROFESSIONAL CLIENT AS DEFINED IN POINT (10) OF ARTICLE 4(1) OF MIFID II; OR (3) NOT A QUALIFIED INVESTOR AS DEFINED IN THE PROSPECTUS DIRECTIVE (AS AMENDED); AND

(B) THE EXPRESSION "OFFER" INCLUDES THE COMMUNICATION IN ANY FORM AND BY ANY MEANS OF SUFFICIENT INFORMATION ON THE TERMS OF THE OFFER AND THE SERIES 2019-1 NOTES TO BE OFFERED SO AS TO ENABLE AN INVESTOR TO DECIDE TO PURCHASE OR SUBSCRIBE THE SERIES 2019-1 NOTES.

FORWARD LOOKING STATEMENTS

To the extent statements contained herein do not relate to historical or current information, this Offering Memorandum may be deemed to contain forward looking statements. Forward looking statements generally can be identified by the use of forward looking terminology such as "may", "will", "expect", "intend", "estimate", "anticipate", "plan", "project", "believe" or "continue" or the negatives thereof or variations thereon or similar terminology although not all forward looking statements contain such identifying words. Such forward looking statements are inherently subject to a variety of risks and uncertainties that could cause actual distributions on, or the yield of, the Series 2019-1 Notes to differ from those projected or expressed in any forward looking statement. See "*Risk Factors*" in this Offering

Memorandum for factors that could adversely affect actual distributions on, or the yield of, the Series 2019-1 Notes. Any forward looking statements speak only as of the date of this Offering Memorandum. The Issuer expressly disclaims any obligation or undertaking to provide any updates or revisions to any forward looking statement contained herein to reflect any change in the Issuer's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

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NOTICE TO INVESTORS

Due to the following restrictions, purchasers are advised to consult legal counsel prior to making any reoffer, resale, pledge or other transfer of the Series 2019-1 Notes.

Each purchaser of the Series 2019-1 Notes will be deemed to have represented and agreed as follows (terms used in this section that are not otherwise defined in this Offering Memorandum are defined in Rule 144A or Regulation S, and are used in this Offering Memorandum as defined in the Securities Act and the rules and regulations under the Securities Act):

(1) The purchaser (a)(i) is a QIB, (ii) is acquiring such Series 2019-1 Notes for its own account or for the account of another QIB, as the case may be, and (iii) is aware that the sale of the Series 2019-1 Notes to it is being made in reliance on Rule 144A, or (b) is not a U.S. Person and is purchasing the Series 2019-1 Notes in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S.

(2) The purchaser understands that the Series 2019-1 Notes have not been and will not be registered under the Securities Act or any state or foreign securities laws and may not be reoffered, resold, pledged or otherwise transferred except (a) to a person whom the purchaser reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A or (b) to a non-U.S. person in an Offshore Transaction in accordance with Rule 903 or Rule 904 of Regulation S, in each case in accordance with any applicable federal securities laws and any applicable securities laws of any state of the United States or any other jurisdiction.

(3) The investor and each transferee of the Series 2019-1 Notes by its acquisition of the Series 2019-1 Notes, will be deemed to have represented and warranted, on each day from the date on which such investor or transferee, as applicable, acquires its interest in the Series 2019-1 Notes through and including the date on which such investor or transferee, as applicable, disposes of its interest in the Series 2019-1 Notes, that either (i) it is not acquiring the Series 2019-1 Notes or any interest therein for or on behalf of or with the assets of, and will not transfer the Series 2019-1 Notes to, any "employee benefit plan" (as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("**ERISA**")) that is subject to Title I of ERISA, or any "plan" (as defined in Section 4975(e)(1) of the Internal Revenue Code of 1986, as amended ("**Code**")) that is subject to Section 4975 of the Code, or any entity whose underlying assets are deemed to include "plan assets" under ERISA by reason of an employee benefit plan's or plan's investment in such entity (individually, a "**Plan**"), or any plan which is not subject to Title I of ERISA or Section 4975 of the Code but is subject to any provision of any other U.S. federal, state, local or non-U.S. laws or regulations that is similar in purpose or intent to Title I of ERISA or Section 4975 of the Code ("**Similar Law**") (individually, a "**Similar Law Arrangement**"), or (ii) the acquisition, holding or disposition of the Series 2019-1 Notes will not cause or result in a non-exempt prohibited transaction under Section 406 of Title I of ERISA or Section 4975(c)(1) of the Code or be a violation of any applicable Similar Law. Each investor and transferee that is acquiring or holding the Series 2019-1 Notes for or on behalf of or with the assets of a Plan, by its acquisition of the Series 2019-1 Notes (or any interest therein), will further be deemed to have represented and agreed that none of the Issuer, the Parent, the Manager, the Trustee or the Initial Purchaser, or any of their respective affiliates or agents (collectively, the "**Transaction Parties**") has acted as the Plan's fiduciary (within the meaning of ERISA or the Code), or has been relied upon for any advice, with respect to the investor or transferee's decision to acquire, hold, sell, exchange, vote or provide any consent with respect to the Series 2019-1 Notes, and none of the Transaction Parties shall at any time be relied upon as the Plan's fiduciary with respect to any decision to acquire, continue to hold, sell, exchange, vote or provide any consent with respect to the Series 2019-1 Notes. See "*Certain Considerations for ERISA and Other Employee Benefit Plans*."

(4) The purchaser understands that the Series 2019-1 Notes will bear a legend to the following effect unless the Series 2019-1 Note registrar determines otherwise consistent with applicable law:

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR ANY STATE OR FOREIGN SECURITIES LAW. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES THAT THIS NOTE MAY BE

REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (A)(1) PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("**RULE 144A**") TO A PERSON THAT THE HOLDER REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" WITHIN THE MEANING OF RULE 144A (A "**QIB**"), OR IS PURCHASING FOR THE ACCOUNT OF A QIB, AND WHOM THE HOLDER HAS INFORMED THAT THE REOFFER, RESALE, PLEDGE, OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (2) TO AN INSTITUTION THAT IS NOT A "U.S. PERSON" IN AN "OFFSHORE TRANSACTION", AS DEFINED IN, AND IN ACCORDANCE WITH RULE 903 OR RULE 904 OF, REGULATION S UNDER THE SECURITIES ACT OR (3) TO THE ISSUER, AND (B) IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER APPLICABLE JURISDICTION.

EACH TRANSFEREE OF A NOTE WILL BE DEEMED TO REPRESENT AT TIME OF TRANSFER (I) THAT SUCH TRANSFEREE IS EITHER (A) A QIB OR (B) NOT A "U.S. PERSON" AS DEFINED IN REGULATION S, (II) THAT IT AND EACH ACCOUNT FOR WHICH IT IS PURCHASING NOTES ARE PURCHASING NOTES IN AT LEAST THE MINIMUM DENOMINATION AND (III) THAT IT WILL PROVIDE WRITTEN NOTICE OF THE FOREGOING AND ANY OTHER APPLICABLE TRANSFER RESTRICTION TO SUBSEQUENT TRANSFEREES. ANY TRANSFER OF THIS NOTE IN VIOLATION OF THE FOREGOING WILL BE OF NO FORCE AND EFFECT AND WILL BE NULL AND VOID *AB INITIO* AND WILL NOT OPERATE TO TRANSFER ANY RIGHTS TO THE PURCHASER WHO FIRST PURCHASED SUCH NOTE OR SUBSEQUENT TRANSFEREE, NOTWITHSTANDING ANY INSTRUCTIONS TO THE CONTRARY TO THE ISSUER, THE TRUSTEE OR ANY INTERMEDIARY.

The certificates evidencing the Series 2019-1 Notes that are Rule 144A Global Notes will also bear legends substantially to the following effect unless the Issuer determine otherwise in compliance with applicable law:

THE ISSUER MAY REQUIRE ANY HOLDER OF THIS NOTE THAT IS A "U.S. PERSON" AS DEFINED IN REGULATION S OR A HOLDER WHO WAS SOLD THIS NOTE IN THE UNITED STATES WHO IN EITHER CASE IS DETERMINED NOT TO HAVE BEEN A QIB AT THE TIME OF ACQUISITION OF THIS NOTE TO SELL THIS NOTE TO A PERSON THAT IS (I) A QIB IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, OR (II) A NON-"U.S. PERSON" AS DEFINED IN REGULATION S IN AN OFFSHORE TRANSACTION MEETING THE REQUIREMENTS OF REGULATION S.

The certificates evidencing the Series 2019-1 Notes that are Regulation S Temporary Global Notes will also bear legends substantially to the following effect unless the Issuer determines otherwise in compliance with applicable law:

THE ISSUER MAY REQUIRE ANY HOLDER OF THIS NOTE THAT IS A "U.S. PERSON" AS DEFINED IN REGULATION S, OR THAT WAS SOLD THIS NOTE IN THE UNITED STATES, IN EACH CASE AT THE TIME OF ACQUISITION OF THIS NOTE, TO SELL THIS NOTE TO A PERSON THAT IS (I) A QIB IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, OR (II) A NON-"U.S. PERSON" AS DEFINED IN REGULATION S IN AN OFFSHORE TRANSACTION MEETING THE REQUIREMENTS OF REGULATION S.

UNTIL 40 DAYS AFTER THE INITIAL PURCHASER NOTIFIES THE ISSUER THAT THE RESALE OF THE NOTES HAS BEEN COMPLETED (THE "**RESTRICTED PERIOD**") IN CONNECTION WITH THE OFFERING OF THE NOTES IN THE UNITED STATES FROM OUTSIDE OF THE UNITED STATES, THE SALE, PLEDGE OR TRANSFER OF THIS NOTE IS SUBJECT TO CERTAIN CONDITIONS AND RESTRICTIONS. THE HOLDER HEREOF, BY PURCHASING OR OTHERWISE ACQUIRING THIS NOTE, ACKNOWLEDGES THAT THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT AND AGREES FOR THE BENEFIT OF THE ISSUER THAT THIS NOTE MAY BE TRANSFERRED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY IN COMPLIANCE WITH THE SECURITIES ACT AND OTHER APPLICABLE LAWS OF THE STATES, TERRITORIES AND POSSESSIONS OF THE UNITED STATES GOVERNING THE OFFER AND SALE OF SECURITIES, AND PRIOR TO THE EXPIRATION OF THE RESTRICTED PERIOD, ONLY (I) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT OR (II) PURSUANT TO AND IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT.

The purchaser understands that each Global Note will bear a legend substantially to the following effect unless the Issuer determines otherwise in compliance with applicable law:

THIS NOTE IS A GLOBAL NOTE WITHIN THE MEANING OF THE INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF THE DEPOSITORY TRUST COMPANY ("**DTC**"), A NEW YORK CORPORATION, 55 WATER STREET, NEW YORK, NEW YORK 10004, OR A NOMINEE THEREOF. THIS NOTE MAY NOT BE EXCHANGED IN WHOLE OR IN PART FOR A SECURITY REGISTERED, AND NO TRANSFER OF THIS NOTE IN WHOLE OR IN PART MAY BE REGISTERED, IN THE NAME OF ANY PERSON OTHER THAN DTC OR A NOMINEE THEREOF, EXCEPT IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE. UNLESS THIS NOTE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF DTC TO THE ISSUER OR THE NOTE REGISTRAR, AND ANY NOTE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC, AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC, ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL BECAUSE THE REGISTERED OWNER, CEDE & CO., HAS AN INTEREST HEREIN. THIS NOTE (AND INTERESTS THEREIN) ARE ALSO SUBJECT TO THE RESTRICTIONS SET FORTH IN THE INDENTURE REFERENCED BELOW. THE PRINCIPAL AMOUNT OUTSTANDING OF THIS NOTE WILL NOT EXCEED THE PRINCIPAL AMOUNT SHOWN ON THE FACE HEREOF. ACCORDINGLY, THE OUTSTANDING PRINCIPAL AMOUNT OF THIS NOTE AT ANY TIME MAY BE LESS THAN THE AMOUNT SHOWN ON THE FACE HEREOF.

(5) The purchaser is duly authorized to purchase the Series 2019-1 Notes and its purchase of investments having the characteristics of the Series 2019-1 Notes is authorized under, and not directly or indirectly in contravention of, any law, rule, regulation, charter, trust instrument or other operative document, investment guidelines or list of permissible or impermissible investments that is applicable to the purchaser.

(6) Each purchaser will be required to furnish to the Trustee (or DTC, as applicable) such information regarding payment and notification instructions and such tax forms (including, to the extent appropriate, Internal Revenue Service ("**IRS**") Form W-8BEN, W-8BEN-E, W-8IMY (with appropriate attachments), W-8ECI or W-9 or successor forms) as the Trustee (or DTC, as applicable) may require.

Notwithstanding anything to the contrary contained in this Offering Memorandum, any person may disclose to any and all other persons, without limitation of any kind, the federal, state and local income tax treatment and tax structure of the Series 2019-1 Notes, any fact that may be relevant to understanding the federal, state and local tax treatment or tax structure of the Series 2019-1 Notes, and all materials of any kind (including opinions or other tax analyses) relating to such federal, state and local tax treatment or tax structure, other than the names of the parties or other persons named in this Offering Memorandum and information that would permit identification of the parties or such other persons.

Non-Compliance with Transfer Restrictions

If the Trustee is notified by the Issuer or the Initial Purchaser that (i) a transfer or attempted or purported transfer of any interest in a Series 2019-1 Note was not consummated in compliance with the applicable transfer provisions described above on the basis of an incorrect form or certification from the transferee or purported transferee, (ii) a transferee failed to deliver to the Trustee any form or certificate required to be delivered under the Indenture or (iii) the holder of any interest in a Series 2019-1 Note is in breach of any representation or agreement set forth in any certificate or any deemed representation or agreement of such holder, the Trustee will not register such attempted or purported transfer and if a transfer has been registered, such transfer will be absolutely null and void *ab initio* and will vest no rights in the purported transferee (such purported transferee, a "**Disqualified Transferee**") and the last preceding holder of such interest in such Series 2019-1 Note that was not a Disqualified Transferee will be restored to all rights as a Series 2019-1 Noteholder thereof retroactively to the date of transfer of such Series 2019-1 Note by such Noteholder.

AVAILABLE INFORMATION

To permit compliance with Rule 144A in connection with resales of the Series 2019-1 Notes, the Issuer is required under the Indenture (through the Trustee) to furnish, upon request of a Noteholder, to such Noteholder and a prospective investor designated by such Noteholder, the information to be delivered under Rule 144A(d)(4).

ADDITIONAL INFORMATION

You should rely only on the information contained in this Offering Memorandum. The Issuer has not authorized anyone to provide you with information that is different from that contained in this Offering Memorandum. The information contained in this Offering Memorandum is accurate only as of the date of this Offering Memorandum.

In this Offering Memorandum, the terms "Issuer", "we", us" and "our" refer to SHREC ABS 1 LLC.

SUMMARY OF OFFERING MEMORANDUM

The following summary is qualified in its entirety by reference to the detailed information appearing elsewhere in this Offering Memorandum. An *"Index of Defined Terms"* is included at the end of this Offering Memorandum.

TRANSACTION PARTIES AND TRANSACTION DOCUMENTS

Issuer .... SHREC ABS 1 LLC (the "**Issuer**"), a newly formed, special purpose, bankruptcy remote Delaware limited liability company that is a direct wholly-owned subsidiary of Connecticut Green Bank, a quasi-public entity of the State of Connecticut (the "**Parent**").

The Issuer will be governed by its limited liability company agreement as the same may be amended, restated, supplemented or otherwise modified from time to time (the "**Issuer LLC Agreement**"). The activities of the Issuer will be limited by the terms of the Issuer LLC Agreement to purchasing, owning, managing and selling the Collateral, issuing the Notes, entering into and exercising its rights and performing its duties under the Transaction Documents to which it is a party and other activities related thereto.

The Issuer will issue the Series 2019-1 Notes pursuant to the Base Indenture, dated as of the Closing Date (the "**Base Indenture**"), as supplemented by a series indenture supplement thereto, dated as of the Closing Date (the "**Series 2019-1 Indenture Supplement**"), in each case by and between the Issuer and the Trustee. The Series 2019-1 Notes will be the first Series of Notes issued by the Issuer pursuant to the Base Indenture. The Issuer may from time to time issue additional Series of Notes pursuant to the Base Indenture and additional series indenture supplements thereto (together with the Series 2019-1 Indenture Supplement, each, a "**Series Indenture Supplement**") subject to satisfaction of the applicable conditions described herein under *"Description of the Indenture and the Series 2019-1 Notes—Additional Notes."* The Base Indenture, the Series 2019-1 Supplement and any additional Series Indenture Supplements entered into between the Issuer and the Trustee following the Closing Date are referred to herein collectively as the "**Indenture**". The Series 2019-1 Notes and any additional Series of Notes issued by the Issuer following the Closing Date are referred to herein collectively as the "**Notes**".

Recourse on each Series of Notes will be limited to the Collateral designated as security allocable to such Series of Notes pursuant to the Indenture, which with respect to the Series 2019-1 Notes will be the Series 2019-1 Collateral as described herein under *"The Collateral."* The Notes will not represent obligations of the Manager, the Parent, the Trustee, the Initial Purchaser or any other person or entity (other than the Issuer) and are not insured or guaranteed by any governmental agency or any other person or entity.

Manager .... The Parent will act as the manager (in such capacity and together with any sub-managers, the "**Manager**") pursuant to a Management Agreement, to be dated as of the Closing Date (the "**Management Agreement**"), between the Manager and the Issuer. The Manager will act on behalf of the Issuer with respect to certain actions relating to the Collateral, including managing the Issuer's rights and obligations under the Master Purchase Agreements, the purchase and sale of SHRECs on behalf of the Issuer and making Advances on the SHRECs in accordance with the Transaction Documents, and will exercise certain other rights and perform certain other duties on behalf of the Issuer pursuant to the Transaction Documents, in

each case in accordance with the Manager Standard pursuant to the Management Agreement. See "*The Manager*" and "*Description of the Management Agreement*" in this Offering Memorandum.

The Manager will be entitled to receive a quarterly fee (the "**Manager Fee**") from the Issuer for performing its duties under the Management Agreement in accordance with the Priority of Payments on each Payment Date in an amount equal to $25,000; *provided*, that such amount is subject to successive 2% annual increases on the first day of the Collection Period that commences immediately following each anniversary of the Closing Date. The Manager will also be entitled to receive a fee (the "**Discretionary Subordinate Management Fee**"), pursuant to clause (xii) of the Priority of Payments, to reimburse the Manager for any and all expenses paid by the Manager, at its option, to remediate SHREC Systems identified at the Manager's reasonable discretion in accordance with its standard of care set forth in the Management Agreement as performing not as expected. The Manager will be responsible for the payment "of its own fees, expenses and indemnities incurred in the performance of its duties as the Manager. The payment of the Manager Fee will be allocated among the Series 2019-1 Notes and any additional Series of Notes issued following the Closing Date *pro rata* according to the aggregate Outstanding Note Balance of each Series of Notes on each Payment Date before giving effect to any payment thereon on such Payment Date. See *"Description of the Management Agreement—Manager Fee"* in this Offering Memorandum. In the event that the Manager is terminated, the Trustee (at the direction of the Noteholder Majority) will appoint a successor Manager. See "*Description of the Management Agreement—Manager Resignation or Transition*" in this Offering Memorandum.

Trustee.. The Bank of New York Mellon Trust Company, N.A., a national banking association, will act as the Trustee (the "**Trustee**") pursuant to the Indenture. See "*The Trustee*" in this Offering Memorandum.

The Trustee will be entitled to an annual fee (the "**Trustee Fee**") from the Issuer for the performance of its duties pursuant to the Indenture that is payable in accordance with the Priority of Payments on the Payment Date occurring in March of each year in an amount equal to $10,000 with respect to each such Payment Date, commencing on the Payment Date in March 2020. The payment of the Trustee Fee and such other fees, expenses and indemnities payable to the Trustee pursuant to the Transaction Documents will be allocated among the Series 2019-1 Notes and any additional Series of Notes issued following the Closing Date *pro rata* according to the aggregate Outstanding Note Balance of each Series of Notes on each Payment Date before giving effect to any payment thereon on such Payment Date.

Transaction Documents................................ "**Transaction Documents**" means the Indenture, the Management Agreement, the Sale and Contribution Agreement, one or more account control agreements relating to the Lockbox Accounts, the Note Purchase Agreement, the Issuer LLC Agreement, the Master Purchase Agreements and any additional purchase agreements relating to Additional SHRECs that may be assigned to or entered into by the Issuer following the Closing Date, together with all agreements, documents, instruments and other certificates in furtherance of or related to the foregoing. The Transaction Documents will be governed by New York law except that the Issuer LLC Agreement will be governed by Delaware law and documents in respect of the Collateral (including SHRECs, the Master Purchase Agreements and any additional purchase agreements relating to Additional SHRECs that may be assigned to or entered into by the Issuer following the Closing Date), which may be governed by Connecticut law.

IMPORTANT DATES AND PERIODS

Closing Date..	On or about March 21, 2019 (the "**Closing Date**").
Cut-Off Date..	The close of business on March 14, 2019 (the "**Cut-Off Date**").
Transfer Date..	With respect to the Initial SHRECs or any Additional SHRECs, the date on which such SHREC is contributed and sold by the Parent to the Issuer pursuant to the Sale and Contribution Agreement (each, a "**Transfer Date**"), which will be the Closing Date in the case of the initial SHRECs contributed by the Parent to the Issuer (the "**Initial SHRECs**") pursuant to the Sale and Contribution Agreement.
Payment Date	Payments on the Notes will be made on a quarterly basis on the 15th day of March, June, September and December of each calendar year or, if such day is not a Business Day, the immediately following Business Day, commencing in June 2019 (each such date, a "**Payment Date**").
Business Day...	Any day other than (i) a Saturday or a Sunday or (ii) a day on which national banking associations or state banking institutions in the State of New York, the State of Connecticut or the State in which the corporate trust office of the Trustee is located, are authorized or required by law, regulation or executive order to be closed (each such day, a "**Business Day**").
Determination Date	With respect to any Payment Date, the date that is two (2) Business Days prior to such Payment Date (each such date, a "**Determination Date**").
Record Date...	With respect to any Payment Date, the close of business on the last Business Day of the month immediately preceding the month in which such Payment Date occurs (each such date, a "**Record Date**").
Interest Accrual Period.................................	With respect to any Payment Date, the period beginning on the 15th day of the calendar month in which the immediately preceding Payment Date occurs and ending on the 14th day of the calendar month in which such Payment Date occurs, except that the first Interest Accrual Period will begin on the Closing Date and continue up to and including June 14, 2019 (each such period, an "**Interest Accrual Period**").
Collection Period...	With respect to any Determination Date, the three calendar months immediately preceding the calendar month in which such Determination Date occurs, except that the Collection Period with respect to the first Determination Date will be the period commencing on the Cut-Off Date and ending on the last day of the calendar month immediately preceding the first Determination Date (each such period, a "**Collection Period**").
Stated Maturity Date	The Outstanding Note Balance and Accrued Interest on the Series 2019-1 Notes will be payable in full on the Payment Date occurring on June 15, 2044 (the "**Stated Maturity Date**").

THE SERIES 2019-1 NOTES

The Series 2019-1 Notes	The Issuer will issue two Classes of Series 2019-1 Notes as follows: (i) approximately $36,800,000 of Series 2019-1 Class A Notes (the "**Series 2019-1 Class A Notes**"), (ii) approximately $1,800,000 of Series 2019-1 Class B Notes (the "**Series 2019-1 Class B Notes**," and together with the Class Series 2019-1 A Notes, the "**Series 2019-1 Notes**"). The principal amount of any Note (a "**Note Balance**") with respect to any date of determination is equal to its Note Balance on the Closing Date (the "**Initial Note Balance**") minus all distributions in respect of principal that

were actually paid to the holder(s) of such Note. The aggregate Note Balance for the Notes of any particular Class of Notes is referred to in this Offering Memorandum as the "**Class Principal Balance**" of such Class of Notes. The aggregate Note Balances of all Notes of a Series of Notes as of any date of determination is the "**Outstanding Note Balance**".

The Series 2019-1 Notes are non-recourse obligations of the Issuer payable solely from the Series 2019-1 Collateral. A holder of any Series 2019-1 Note is referred to in this Offering Memorandum as a "**Series 2019-1 Noteholder**" and a holder of any Note is referred to in this Offering Memorandum as a "**Noteholder**".

Interest.. Interest will accrue on the Class Principal Balance of each Class of Series 2019-1 Notes at the applicable Note Rate and will be payable in accordance with the Priority of Payments on each Payment Date. With respect to each Payment Date (other than the first Payment Date, for which interest will be adjusted based on the number of days between the Closing Date and such Payment Date, calculated on a 30/360 basis), the "**Accrued Interest**" for each Class of Notes will be an amount equal to (i) the product of (x) 1/4, (y) the applicable Note Rate for such Class and (z) the Class Principal Balance for such Class of Notes as of the close of business on the first day of such Interest Accrual Period, *plus* (ii) the amount of Accrued Interest for such Class of Notes remaining unpaid from prior Payment Dates, with interest on such unpaid amount from prior Payment Dates at the Note Rate to the extent legally permissible.

The "**Note Rate**" for the Series 2019-1 Class A Notes is ●% *per annum* and for the Series 2019-1 Class B Notes is ●% *per annum*.

Interest on the Notes will be calculated on the basis of a 360-day year consisting of twelve 30-day months.

Principal .... Principal will be payable on each Class of Series 2019-1 Notes on each Payment Date in amounts required to bring the Class Principal Balance of each Class of Series 2019-1 Notes to the applicable balance set forth on Schedule A to this Offering Memorandum (each such balance, a "**Scheduled Principal Balance**"). In the event of a prepayment of the Notes due to acceleration following an Event of Default, the occurrence and continuance of an Early Amortization Event or an Optional Prepayment of any Class of Series 2019-1 Notes, the Issuer will deliver a revised schedule of Scheduled Principal Balances reducing each Scheduled Principal Balance by an amount equal to the product of (i) the current Scheduled Principal Balance for such Class before such adjustment is made and (ii) a fraction, the numerator of which is the Class Principal Balance for such Class after payments were made on the immediately preceding Payment Date pursuant to the Priority of Payments and the denominator of which is the prior Scheduled Principal Balance for such Class before such adjustment is made.

On each Payment Date, the Issuer will make Scheduled Principal Payments to each Class of Series 2019-1 Notes pursuant to the Priority of Payments. A "**Scheduled Principal Payment**" means with respect to any Class of Series 2019-1 Notes, the amount needed to reduce Class Principal Balance of such Class to the Scheduled Principal Balance for such Payment Date. On each Payment Date, the Issuer will make a Scheduled Principal Payment on each class of Series 2019-1 Notes pursuant to the Priority of Payments.

To the extent that there are insufficient funds to make the required Scheduled Principal Payments in full pursuant to the Priority of Payments on any Payment Date, the remaining amount of such principal will be due

and payable in accordance with the Priority of Payments on each Payment Date thereafter until paid in full with interest thereon at the Note Rate. The failure to make a Scheduled Principal Payment on any Payment Date prior to the Stated Maturity Date because of insufficient funds for such purpose in accordance with the Priority of Payments on such Payment Date will not be an Event of Default. If principal in excess of the Scheduled Principal Payment with respect to any Payment Date is paid on such Payment Date following the occurrence and continuation of an Event of Default, a Series 2019-1 Early Amortization Event or a Manager Default pursuant to clauses (vi) and (ix) of the Priority of Payments and such event is subsequently cured or waived, the Scheduled Principal Payments required to be paid on each Payment Date thereafter will be reduced on a *pro rata* basis in an amount equal to such excess.

Priority of Payments......................................

On each Payment Date, the Trustee will distribute the Series 2019-1 Available Funds on deposit in the Series 2019-1 Collection Account as of the related Determination Date in the following order of priority (the "**Priority of Payments**"):

(i) sequentially, in the following order of priority,

(A) to the Trustee, accrued and unpaid Trustee Fees allocable to the Series 2019-1 Notes with respect to such Payment Date and any prior Payment Dates, and *then*

(B) if an Event of Default has occurred and is continuing, to the Trustee, in respect of reimbursement of accrued and unpaid Trustee Fees with respect to such Payment Date and any prior Payment Dates, plus all fees, expenses, indemnities and other amounts due and payable to the Trustee allocable to the Series 2019-1 Notes, including any and all fees, expenses, indemnities and other amounts payable to or incurred by the Trustee in connection with the performance of its duties under the Indenture relating to such Event of Default; and *then*

(C) to the Manager, accrued and unpaid Manager Fees allocable to the Series 2019-1 Notes with respect to such Payment Date and any prior Payment Dates, and *then*

(D) to the Manager, any outstanding Advances that were advanced with respect to a SHREC *plus* interest on such amounts at the Advance Interest Rate, and *then*

(E) if no Event of Default has occurred and is continuing, to the Trustee, in respect of reimbursement of accrued and unpaid expenses, indemnities and other amounts due and payable to the Trustee allocable to the Series 2019-1 Notes subject to the Indemnification Cap; and *then*

(ii) to the Holders of the Series 2019-1 Class A Notes in respect of interest *pro rata* based on the amount of Accrued Interest with respect to such Payment Date; and *then*

(iii) if no Sequential Interest Amortization Event has occurred and is continuing, to the Holders of the Series 2019-1 Class B Notes in respect of interest *pro rata* based on the amount of Accrued Interest with respect to such Payment Date; and *then*

(iv) to the Series 2019-1 Liquidity Reserve Account, the amount required to maintain on deposit in the Series 2019-1 Liquidity

Reserve Account the Series 2019-1 Liquidity Reserve Required Amount for such Payment Date; and *then*

(v) to the Holders of the Series 2019-1 Class A Notes in respect of principal on the Series 2019-1 Class A Notes *pro rata* based on their respective Note Balances in an amount equal to the Scheduled Principal Payment for the Series 2019-1 Class A Notes for such Payment Date; and *then*

(vi) if a Series 2019-1 Early Amortization Event or Sequential Interest Amortization Event has occurred and is continuing, to the Holders of the Series 2019-1 Class A Notes in respect of principal on the Series 2019-1 Class A Notes *pro rata* based on their respective Note Balances until the Class Principal Balance for the Series 2019-1 Class A Notes has been reduced to zero; and *then*

(vii) if a Series 2019-1 Sequential Interest Amortization Event has occurred and is continuing, to the Holders of the Series 2019-1 Class B Notes in respect of interest *pro rata* based on the amount of Accrued Interest with respect to such Payment Date; and *then*

(viii) to the Holders of the Series 2019-1 Class B Notes in respect of principal on the Series 2019-1 Class B Notes *pro rata* based on their respective Note Balances in an amount equal to the Scheduled Principal Payment for the Series 2019-1 Class B Notes for such Payment Date; and *then*

(ix) if a Series 2019-1 Early Amortization Event has occurred and is continuing, to the Holders of the Series 2019-1 Class B Notes in respect of principal on the Series 2019-1 Class B Notes *pro rata* based on their respective Note Balances until the Class Principal Balance for the Series 2019-1 Class B Notes has been reduced to zero;

(x) to the Trustee, in respect of reimbursement of accrued and unpaid expenses, indemnities and other amounts allocable to the Series 2019-1 Collateral that are in excess of the Indemnification Cap; and *then*

(xi) to the collection account for any other Series of Notes *pro rata* to cover shortfalls in respect of the clauses of such priority of payments for such Series of Notes substantially equivalent to clauses (i)-(x) in in the Priority of Payments; and *then*

(xii) to the Manager to pay the Discretionary Subordinate Management Fee; and *then*

(xiii) to the holders of the equity interests of the Issuer, all remaining amounts.

"**Series 2019-1 Available Funds**" means, for any Payment Date, the sum, without duplication, of (i) Series 2019-1 Collections and all other amounts received into the Series 2019-1 Collection Account during the related Collection Period (including available Collections in the Series 2019-1 Issuer Lockbox Account), (ii) all amounts on deposit in the Series 2019-1 Liquidity Reserve Account and (iii) any investment income on amounts on deposit in the Series 2019-1 Trust Accounts during such Collection Period; provided that any Ineligible SHREC Deposit Amounts will not constitute Series 2019-1 Available Funds.. Available funds for future Series of Notes will be defined in the related Series Indenture Supplement and are referred

to herein collectively with the Series 2019-1 Available Funds as "**Available Funds**".

Series 2019-1 Collections............................. "**Series 2019-1 Collections**" means, with respect to any Collection Period, the amount collected by the Issuer or the Manager during such Collection Period with respect to the SHREC Receivables (as defined herein) related to the Series 2019-1 Collateral whether as SHREC Tranche (as defined herein) purchase proceeds, deposits of any Ineligible SHREC Deposit Amounts, amounts from the Manager in respect of Ineligible SHRECs related to the Series 2019-1 Collateral pursuant to the Management Agreement, or any liquidation proceeds (net of related expenses, to the extent not previously funded as Advances), indemnity payments or otherwise. Collections with respect to future Series of Notes will be defined in the related Series Indenture Supplement and are referred to herein collectively with the Series 2019-1 Collections as the "**Collections**".

Indemnification Cap..................................... The "**Indemnification Cap**" for all indemnity payments and certain transaction expenses due and owing with respect to the Trustee pursuant to clause (i) of the Priority of Payments is, prior to the occurrence of an Event of Default, collectively, subject to an aggregate maximum amount of $35,000 per annum. Any amounts due to the Trustee that are subject to the Indemnification Cap will be distributed to the Trustee pursuant to clause (i) of the Priority of Payments, as applicable, until the Indemnification Cap is reached. After the Indemnification Cap is reached, all such amounts owed to the Trustee above the Indemnification Cap will be paid pursuant to clause (x) of the Priority of Payments. After the occurrence of an Event of Default that is continuing, the Indemnification Cap will not apply and any and all amounts in respect of fees, expenses, indemnities and other amounts incurred by the Trustee in connection with the performance of its duties after the occurrence and continuance of an Event of Default will be distributed to the Trustee pursuant to clause (i) of the Priority of Payments.

Series 2019-1 Early Amortization Event....... A "**Series 2019-1 Early Amortization Event**" will have occurred and be continuing with respect to the Series 2019-1 Notes for any Payment Date if (a) the Series 2019-1 EAE DSCR as of related Determination Date is less than or equal to 1.10x, (b) if an Event of Default has occurred and is continuing on such Payment Date or (c) a Manager Default has occurred on or prior to and is continuing on such Payment Date. For the avoidance of doubt, a Series 2019-1 Early Amortization Event that does not arise from an existing Event of Default will not itself trigger an Event of Default.

The "**Series 2019-1 EAE Debt Service Coverage Ratio**" or "**Series 2019-1 EAE DSCR**" means, with respect to the Series 2019-1 Notes as of any Determination Date, the ratio of (A) the sum of the Series 2019-1 Available Funds for the related Payment Date and the immediately preceding Payment Date (in each case, excluding for the purposes of this calculation amounts on deposit in the Series 2019-1 Liquidity Reserve Account), *less* the sum of (x) all amounts payable pursuant to clause (i) of the Priority of Payments on the related Payment Date and (y) all amounts paid pursuant to clause (i) of the Priority of Payments on the immediately preceding Payment Date to (B) the sum of (x) the Accrued Interest and Scheduled Principal Payments that the Issuer will be required to pay on the related Payment Date and (y) the Accrued Interest and Scheduled Principal Payments that the Issuer was required to pay on the immediately preceding Payment Date on the principal balance of the Series 2019-1 Notes outstanding as of such Determination Date.

On any Payment Date on which a Series 2019-1 Early Amortization Event has occurred and is continuing, Available Funds will be used to reduce the outstanding principal balances of the Series 2019-1 Notes until the Class Principal Balances of each such Class is zero, pursuant to the Priority of

	Payments. For the avoidance of doubt, a Series 2019-1 Early Amortization Event that occurs pursuant to clause (a) or clause (c) of the definition of "Series 2019-1 Early Amortization Event" will not constitute an Event of Default.
Series 2019-1 Sequential Interest Amortization Event	A "**Series 2019-1 Sequential Interest Amortization Event**" will have occurred and be continuing with respect to the Series 2019-1 Notes for any Payment Date if (a) the Series 2019-1 SIAE DSCR as of related Determination Date is less than or equal to 1.00x. For the avoidance of doubt, a Series 2019-1 Sequential Interest Amortization Event will not constitute an Event of Default. The "**Series 2019-1 SIAE Debt Service Coverage Ratio**" or "**Series 2019-1 SIAE DSCR**" means, with respect to the Series 2019-1 Notes as of any Determination Date, the ratio of (A) the Series 2019-1 Available Funds for the related Payment Date (excluding for the purposes of this calculation amounts on deposit in the Series 2019-1 Liquidity Reserve Account), *less* all amounts payable pursuant to clause (i) of the Priority of Payments on the related Payment Date to (B) the sum of (x) the Accrued Interest and Scheduled Principal Payments that the Issuer will be required to pay on the related Payment Date. On any Payment Date on which a Series 2019-1 Sequential Interest Amortization Event has occurred and is continuing, Available Funds will be used to reduce the outstanding principal balances of the Series 2019-1 Notes until the Class Principal Balances of each such Class is zero, pursuant to the Priority of Payments. In addition, on any Payment Date on which a Series 2019-1 Sequential Interest Amortization Event has occurred and is continuing, no interest will be paid to the Holders of the Series 2019-1 Class B Notes until the Note Amount of the Series 2019-1 Class A Notes has been reduced to zero. For the avoidance of doubt, a Series 2019-1 Sequential Interest Amortization Event will not constitute an Event of Default.
Events of Default...	An "**Event of Default**" means an occurrence of any of the following: (i) the failure by the Issuer to pay Available Funds pursuant to the Priority of Payments within two (2) Business Days of each Payment Date; (ii) the failure by the Issuer to pay all Accrued Interest to the Noteholders within two (2) Business Days of each Payment Date, which, for the avoidance of doubt, does not include Accrued Interest on the Series 2019-1 Class B Notes when a Series 2019-1 Sequential Interest Amortization Event has occurred and is continuing; (iii) the failure by the Issuer to pay the Outstanding Note Balance and all Accrued Interest (including Accrued Interest on the Series 2019-1 Class B Notes when a Series 2019-1 Sequential Interest Amortization Event has occurred and is continuing) on or prior to the Stated Maturity Date; (iv) the failure to cure any material breach of a covenant of the Issuer within 30 days (or the required cure period under the Transaction Documents, if such period is shorter) of the Issuer's or the Manager's actual knowledge of such breach or their receipt of written notice of such breach;

(v) a representation or warranty of the Issuer (other than any representation or warranty related to a SHREC being an Eligible SHREC Asset) is breached in a material respect and not cured within 30 days (or the required cure period under the Transaction Documents, if such period is shorter) of the Issuer's or the Manager's actual knowledge of such breach or their receipt of written notice of such breach;

(vi) any events of bankruptcy, insolvency, receivership or liquidation of the Issuer;

(vii) one or more final, non-appealable judgment(s) against the Issuer (if not stayed or bonded) in excess of $1,000,000 individually or in the aggregate;

(viii) the Issuer is required to register as an "investment company" under the Investment Company Act;

(ix) any Transaction Document is terminated (other than in accordance with its terms) or ceases to be in full force and effect which has a material adverse effect on the Issuer or its ability to make payments on the Notes;

(x) any license, consent, authorization, registration or approval necessary to enable the Issuer to comply with any of its obligations under the Transaction Documents is revoked, withdrawn or withheld, or is modified or amended in a manner which is materially adverse to the interests of the Noteholders, in each case, that is not remedied within 30 days after the earlier of the Issuer's or the Manager's discovery of or receipt of written notice of such action;

(xi) any of the Master Purchase Agreements ceases to be in full force and effect or is challenged by a Utility as a defense to payment;

(xii) the assignment by the Issuer of its rights under any Transaction Document (other than in accordance with its terms); or

(xiii) the failure to maintain in favor of the Trustee (for the benefit of the Trustee, the Manager and the Noteholders) a first priority, perfected security interest in the Collateral.

Upon the occurrence of an Event of Default, after giving effect to any applicable notice and cure periods, which is not waived by Noteholders representing more than 66 2/3% of the then Outstanding Note Balance of the Notes across all Series (the "**Noteholder Majority**"), the Trustee (a) may (and will, if so directed by the Noteholder Majority) accelerate the payment of the Notes and all other amounts due and payable and (b) will, if so directed by the Noteholder Majority, exercise any other typical default remedies, including but not limited to exercising its rights against the related Collateral; *provided* that in the event of the bankruptcy, insolvency, receivership or reorganization of the Issuer, the Notes and all other amounts due and payable will be automatically accelerated without any declaration or other act on the part of the Trustee or any Noteholder. Without receiving prior written consent from each Noteholder, the Trustee will not liquidate the related Collateral for an amount less than the Outstanding Note Balance *plus* all Accrued Interest on such balance.

Optional Prepayment.................................... Optional Prepayment of the Series 2019-1 Notes is permitted at any time in whole or in part (an "**Optional Prepayment**") on any Business Day at the option of the Issuer; *provided* that if such Optional Prepayment occurs

prior to the Clean-Up Call Trigger Date (as defined below), it is accompanied by any applicable Prepayment Consideration and, if such prepayment occurs on any day other than a Payment Date, is accompanied by payment of interest that would have accrued on the amount prepaid through the last day of the then-current Interest Accrual Period. Partial prepayments will be applied to the Classes of all Series 2019-1 Notes in direct order of alphabetical designation. The Optional Prepayment exercise price will equal the sum of (i) the Outstanding Note Balance for the Notes of such Series being prepaid plus all Accrued Interest on such amount through the prepayment date, (ii) the Prepayment Consideration, and (iii) if such Notes are the only Notes Outstanding at such time (and a new Series of Notes will not be issued simultaneously with the redemption of such Series) all amounts due and owing to the Manager and the Trustee (the "**Prepayment Price**") as of the prepayment date.

"**Prepayment Consideration**" means, with respect to any prepayment of the principal balance of a Series 2019-1 Note, an amount that is equal to the excess, if any, of (x) the present value on the date of such prepayment (by acceleration or otherwise) of the sum of the principal payments allocable to such Series 2019-1 Note and interest that the Issuer would otherwise be required to pay on the prepaid portion of such Series 2019-1 Note from the date of such prepayment to and including the date on which the Scheduled Principal Balance for such Series 2019-1 Note is expected to be less than or equal to 10% of the Initial Note Balance of such Series 2019-1 Note (taking into account any adjustments to the schedule of Scheduled Principal Balances based on previous prepayments of such Series 2019-1 Note), applicable to such Series 2019-1 Note absent such prepayment and assuming that quarterly payments of principal on such Series 2019-1 Notes are made based upon the Scheduled Principal Payments required to be made for such Series 2019-1 Notes, if any (and with interest calculated under clause (x) above calculated based on the principal balance of such Series 2019-1 Notes as reduced by each such principal payment), with such present value determined by the use of a discount rate equal to the sum of (a) the yield to maturity (adjusted to a "mortgage equivalent basis" pursuant to the standards and practices of the Securities Industry and Financial Markets Association), on the date of such prepayment for such Series 2019-1 Note of the United States Treasury Security having the term to maturity closest to such Payment Date, plus (b) 0.50% over (y) the principal amount of such Series 2019-1 Note being prepaid on the date of such prepayment. Any Prepayment Consideration for any Class of Series 2019-1 Notes of a Series being prepaid will be paid *pro rata* to the holders of such Series 2019-1 Notes of such Class in proportion to the principal balance of such Series 2019-1 Notes of such Class being so prepaid.

Clean-Up Call Redemption ....

On any Payment Date after the Outstanding Note Balance of a Series has been reduced to less than 10% of the aggregate Initial Note Balance of all of the Notes of such Series (such balance the "**Aggregate Initial Note Balance**" and such date the "**Clean-Up Call Trigger Date**"), the Issuer may cause the early redemption of the Notes of such Series (a "**Clean-Up Call Redemption**"). The Clean-Up Call Redemption exercise price will equal the sum of (i) the Outstanding Note Balance for all Notes of such Series *plus* all Accrued Interest on such amount through the redemption date, and (ii) if such Series is the only Series of Notes Outstanding at such time (and a new Series of Notes will not be issued simultaneously with the redemption of such Series) all amounts due and owing to the Manager and the Trustee (the "**Clean-Up Call Redemption Price**") as of the redemption date.

Credit Enhancement......................................	Credit enhancement for the Series 2019-1 Notes is the excess of (a) to the extent received, all Series 2019-1 Collections with respect to the SHRECs *plus* the sum of amounts on deposit in the Series 2019-1 Liquidity Reserve Account (and without double-counting any Series 2019-1 Collections used to fund such account) *over* (b) the Outstanding Note Balance and amounts payable in items (i) and (ii) of the Priority of Payments. In addition, (i) Series 2019-1 Class B Noteholders will not receive Accrued Interest on the Series 2019-1 Class B Notes on any Payment Date until the Series 2019-1 Class A Noteholders have received all Accrued Interest due to the Series 2019-1 Class A Notes on such Payment Date, (ii) during the occurrence of an Event of Default or a Series 2019-1 Early Amortization Event that is continuing with respect to the Series 2019-1 Notes, the Series 2019-1 Class B Notes will be subordinated in right of payment of principal to the Series 2019-1 Class A Notes and (iii) during the occurrence of a Series 2019-1 Sequential Interest Amortization Event that is continuing with respect to the Series 2019-1 Notes, the Series 2019-1 Class B Notes will be subordinated in right of payment of interest and principal to the Series 2019-1 Class A Notes.
Use of Proceeds..	The Issuer intends to use a portion of the proceeds from the issuance and sale of the Notes to pay the current secured indebtedness of Connecticut Green Bank in order to release the Series 2019-1 Collateral from the related secured credit facility (the "**Warehouse Facility**"). Proceeds from the issuance and sale of the Notes will be used by the Issuer to (i) pay the Parent the Closing Date purchase price for the Initial SHRECs pursuant to the Sale and Contribution Agreement, (ii) pay certain expenses incurred in connection with the issuance of the Notes, (iii) to pay down current secured indebtedness of Connecticut Green Bank in order to release the Series 2019-1 Collateral from the related Warehouse Facility and (iv) to make initial deposits into the Series 2019-1 Liquidity Reserve Account.
Denominations and Form.............................	The Notes will be available for purchase in minimum denominations of $100,000 initial principal amount and integral multiples of $1,000 in excess thereof.
Designation of Classes and Series................	The Notes issued pursuant to the Indenture are divided into one or more series of notes (each, a "**Series of Notes**" or a "**Series**") that may be comprised of one or more classes of Notes (each, a "**Class**" of Notes). The Series 2019-1 Notes consist of a single Series of Notes divided into the Classes specified under *"Description of the Indenture and the Series 2019-1 Notes—General"* in the initial outstanding principal amount and with the designation specified therein. To the extent that amounts are then due in respect of a Series of Notes, such amounts will be paid from funds available for such purpose under the Priority of Payments for application of funds for such Series of Notes set forth in the Indenture and will be allocated to the Notes of each Class of such Series of Notes sequentially in direct order of alphabetical designation *pro rata* according to the applicable amount then due and payable to the Notes of each Class of such Series of Notes as described herein with respect to the Series 2019-1 Notes.
Additional Notes	The Issuer may at any time and from time to time issue one or more Series of Notes that may be comprised of one more Classes of Notes ("**Additional Notes**") pursuant to a Series Indenture Supplement in each case subject to the satisfaction of the applicable conditions set forth in the Indenture, including that: (A) the Series 2019-1 SIAE Debt Service Coverage Ratio after giving effect to such issuance (and any concurrent acquisition of any Additional SHRECs and any concurrent repayment of Notes) is equal to or greater than 1.20x, (B) the Issuer receives an opinion of counsel (which opinion may contain similar assumptions and

qualifications as are contained in the opinion of counsel with respect to the tax treatment of the Series 2019-1 Notes delivered on the Closing Date) to the effect that the issuance of such Additional Notes will not, for United States federal income tax purposes, (x) cause any of the Notes to be deemed to have been exchanged for a new debt instrument, (y) cause the Issuer to be taxable as other than a partnership or disregarded entity or (z) cause any of the Notes that were characterized as indebtedness at the time of issuance to be characterized as other than indebtedness and (C) the Rating Agency Condition (as defined herein) is satisfied. Further, the Issuer may, but is not obligated to, issue additional Notes of an existing Series or Class if such Notes are fungible with the applicable Series or Class of Notes for U.S. federal income tax purposes subject to the other provisions for Additional Notes described herein.

Ratings .... The Series 2019-1 Class A Notes are expected to obtain a rating of "A- (sf)" from Kroll Bond Rating Agency, Inc. ("**KBRA**") and the Series 2019-1 Class B Notes are expected to obtain a rating of "BBB- (sf)" from KBRA.

THE COLLATERAL

Collateral... The "**Series 2019-1 Collateral**" will consist of all assets of the Issuer that are designated as security for the Series 2019-1 Notes pursuant to the Indenture on and after the Closing Date, which will include (i) the SHREC Receivables in respect of SHRECs in SHREC Tranche 1 and SHREC Tranche 2 (each as defined below) on and after the close of business on March 14, 2019 (the "**Cut-off Date**") (such SHRECs a "**Series 2019-1 SHREC**"), (ii) all Series 2019-1 SHRECs (other than any Series 2019-1 SHRECs that are reassigned to the Parent as Ineligible SHRECs following the Closing Date), (iii) the Series 2019-1 Trust Accounts, (iv) the Series 2019-1 Issuer Lockbox Account, (v) the Issuer's rights under the Master Purchase Agreement and the other Transaction Documents to which it is a party, (vi) all of the Issuer's other accounts, chattel paper, commercial tort claims, deposit accounts, documents, general intangibles, goods, instruments, investment property, letter-of-credit rights, letters of credit, and money to the extent allocable to the other assets of the Issuer designated as security allocable to the Series 2019-1 Notes pursuant to the Indenture on and after the Closing Date, and (vii) all proceeds of the foregoing. The Series 2019-1 Collateral will not be available as security for any additional Series of Notes issued by the Issuer pursuant to the Indenture following the Closing Date except to the extent monies related thereto are available pursuant to clause (xi) of the Priority of Payments. See *"Description of the Indenture and the Series 2019-1 Notes—The Collateral."*

If the Issuer issues additional Series of Notes pursuant to the Indenture following the Closing Date, the Issuer is expected to acquire Additional SHRECs pursuant to the Sale and Contribution Agreements that will be designated as security allocable to such additional Series of Notes following the Closing Date, together with such other assets of the Issuer as are designated as security allocable to such additional Series of Notes following the Closing Date, and pledged to the Trustee as security for such additional Series of Notes. The Series 2019-1 Collateral together with such other assets of the Issuer designated as security allocable to such additional Series of Notes is referred to herein as the "**Series Collateral**" with respect to the applicable Series of Notes and collectively as the "**Collateral**".

SHRECs .... A "**SHREC**" is a renewable energy credit generated under Parent's Solar Home Renewable Energy Credit program, which was approved by the Connecticut State Legislature and signed by the Governor of the State of Connecticut and any related Environmental Attributes (as defined herein).

Under two Master Purchase Agreements (each, a "**Master Purchase Agreement**" and collectively the "**Master Purchase Agreements**"), statutorily required by Conn. Gen. Stat. Ann. § 16-245gg (the "**SHREC Statute**"), between the Parent and Connecticut's two investor-owned utilities (The Connecticut Light and Power Company, d/b/a Eversource Energy and United Illuminating, collectively the "**Utilities**"), the Parent aggregates SHRECs generated from solar photovoltaic systems participating in its Residential Solar Investment Program ("**RSIP**") into annual tranches (each a "**SHREC Tranche**"), and sells those SHREC Tranches to the Utilities at a fixed, predetermined price over a 15-year tranche lifetime (the revenues from such sales, the "**SHREC Receivables**"). The SHRECs included in the Series 2019-1 Collateral will be SHRECs included in the 2017 SHREC Tranche ("**SHREC Tranche 1**") and the 2018 SHREC Tranche ("**SHREC Tranche 2**"), as described in this Offering Memorandum. See "*The Collateral*" in this Offering Memorandum. The Series 2019-1 SHRECs, any Additional SHRECs, the SHREC Receivables in respect of the Series 2019-1 SHRECs and any Additional SHRECs, all rights and obligations of the Parent relating to the Series 2019-1 SHRECs and SHREC Tranche 1 and SHREC Tranche 2 under the Master Purchase Agreements and all related assets are collectively referred to in this Offering Memorandum as the "**SHREC Assets**".

Additional SHRECs .... An "**Additional SHREC**" is a SHREC that is not already owned by the Issuer, *provided* that Additional SHRECs may only be acquired if the Parent represents and warrants to the Issuer that such Additional SHRECs are otherwise Eligible SHREC Assets.

All Additional SHRECs will be part of SHREC Tranches that are created after the Cut-off Date. The Issuer will be permitted to acquire all SHRECs eligible for purchase under the Master Purchaser Agreements. For the avoidance of doubt, no Additional SHRECs will be included in the series 2019-1 Collateral.

The Manager will not have authority to direct the Issuer to acquire Additional SHRECs following a Manager Default. *See "Description of the Management Agreement—Manager Termination or Resignation"* herein.

Eligible SHREC Assets................................ No SHREC Asset will be transferred by the Parent to the Issuer unless, as of the related Transfer Date, such SHREC Asset is eligible to be purchased by a Utility under the Master Purchase Agreements. If a SHREC is eligible to be purchased under the applicable Master Purchase Agreements, then the related SHREC Asset is an "**Eligible SHREC Asset**".

Ineligible SHRECs and Related Remedies.. An "**Ineligible SHREC**" is any SHREC for which (i) one or more eligibility criteria are found to have been breached at the time such SHREC was conveyed to the Issuer pursuant to the Sale and Contribution Agreement, which breach (in the aggregate) materially and adversely affects the value of such SHREC Asset; or (ii) neither the Issuer nor the Trustee has a first priority perfected security interest. The "**Ineligible SHREC Deposit Amount**" with respect to a SHREC that became an Ineligible SHREC is an amount equal to the related SHREC Tranche Purchase Price that otherwise would have been paid by the relevant Utility throughout the term of the related SHREC Tranche, discounted at a rate of 7.00% per annum for the period from the date of the related repurchase (which shall be the same date the Ineligible SHREC Deposit Amount is transferred into the Series 2019-1 Issuer Lockbox Account) through the related SHREC Tranche's end date, reduced by any proceeds realized from the liquidation or collection of such Ineligible SHREC (by the Manager in accordance with the Management Agreement) that have been paid to the

Issuer and by any proceeds realized from the liquidation or collection of such Ineligible SHREC and any other amounts on such Ineligible SHREC paid to the Issuer.

Pursuant to the Sale and Contribution Agreement, dated as of the Closing Date between the Issuer and the Parent (the "**Sale and Contribution Agreement**"), the Parent and the Issuer will be obligated to cure or repurchase any Ineligible SHRECs sold by the Parent to the Issuer. The Issuer will be required, no later than 30 days following the discovery or notification of one or more Ineligible SHRECs (subject to any applicable grace periods), to either (a) cure the related breach or breaches or (b) pay the Ineligible SHREC Deposit Amount in respect of the related SHREC, which the Trustee will pay to Series 2019-1 Noteholders in respect of their Note Principal Balance, *pro rata*, in direct order of alphabetical designation.

ACCOUNTS

Lockbox Account ....

Prior to the Closing Date, payments due to the Parent on the SHRECs are required to be remitted to the Parent's Master Purchase Agreement Collection Account at Webster Bank (the "**Series 2019-1 Parent Lockbox Account**"). Prior to the Closing Date, the Manager will establish a lockbox account at The Bank of New York Mellon, National Association in the name of the Issuer (subject to a control agreement in favor of the Trustee on behalf of Series 2019-1 Noteholders) (such account, the "**Series 2019-1 Issuer Lockbox Account**", and together with the Series 2019-1 Parent Lockbox Account, the "**Lockbox Accounts**"). All Series 2019-1 Collections on deposit in the Series 2019-1 Issuer Lockbox Account will be remitted by the Manager to the Series 2019-1 Collection Account within one (1) Business Day of receipt. The Manager will use its best efforts to direct all payments on the SHRECs to the Series 2019-1 Issuer Lockbox Account as soon as reasonably practicable, but in no event later than ten (10) Business Days after the Closing Date. The Series 2019-1 Parent Lockbox Account will remain open and will be monitored by the Manager pursuant to the Management Agreement; if Series 2019-1 Collections are deposited to the Series 2019-1 Parent Lockbox Account, notwithstanding the instructions of the Manager, the Manager will, within one (1) Business Day of being deposited in the Series 2019-1 Parent Lockbox Account transfer such amounts to the Series 2019-1 Issuer Lockbox Account.

Although the Utilities will be notified of the assignment of the SHRECs included in this transaction from the Parent to the Issuer, such notices may not be received by the applicable Utility before a remittance is made to the Series 2019-1 Parent Lockbox Account, or the Series 2019-1 Issuer Lockbox Account, as applicable, or such notices may be lost, misdirected, or disregarded. On or prior to the Closing Date, the Issuer, the Parent, the Manager and the Trustee are expected to enter into an agreement relating to allocations of misdirected or misallocated funds between the Series 2019-1 Parent Lockbox Account and the Series 2019-1 Issuer Lockbox. Pursuant to such agreement, the parties thereto will agree that in the event any funds are misdirected or erroneously deposited into the Series 2019-1 Parent Lockbox Account or the Series 2019-1 Issuer Lockbox Account, the Manager or the Trustee, as applicable, will transfer the applicable amounts to the correct Lockbox Account.

Trust Accounts ....

The Series 2019-1 Collection Account and the Series 2019-1 Liquidity Reserve Account (each, a "**Series 2019-1 Trust Account**" and collectively, the "**Series 2019-1 Trust Accounts**") will each be established and maintained at the Trustee by the Issuer, pledged by the Issuer to the Trustee for the benefit of the Trustee, the Manager and the Series 2019-1 Noteholders and each account and the funds in such account will constitute

Series 2019-1 Collateral. The Series 2019-1 Collection Account will be established to hold funds received from the Series 2019-1 Issuer Lockbox Account as well as other Series 2019-1 Collections (the "**Series 2019-1 Collection Account**").

Amounts on deposit in the Series 2019-1 Collection Account will be invested in Eligible Investments at the direction of the Manager maturing no later than the Business Day immediately preceding each Payment Date. In the absence of such direction, amounts on deposit in the Series 2019-1 Collection Account will remain uninvested. All income or other gains from investment will be deposited in the Series 2019-1 Collection Account. Any loss resulting from any such Eligible Investment will be charged to the Series 2019-1 Collection Account.

Series 2019-1 Liquidity Reserve Account..... The Series 2019-1 Liquidity Reserve Account (the "**Series 2019-1 Liquidity Reserve Account**") will be funded on the Closing Date out of proceeds of the sale of the Series 2019-1 Notes in an amount equal to $●, in order to fund shortfalls in payment under clauses (i), (ii) and (iii) of the Priority of Payments. On any Payment Date, the Series 2019-1 Liquidity Reserve Account will be funded pursuant to the Priority of Payments in an amount sufficient to equal to two quarters of Accrued Interest based on the Class Principal Balance of the Series 2019-1 Class A Notes and the Series 2019-1 Class B Notes as of the immediately preceding Determination Date (the "**Series 2019-1 Liquidity Reserve Required Amount**"). On each Payment Date, amounts on deposit in the Series 2019-1 Liquidity Reserve Account will be released by the Trustee into the Series 2019-1 Collection Account; *provided* that on any Payment Date on which a Series 2019-1 Sequential Interest Amortization Event is occurring and continuing such amounts released from the Series 2019-1 Liquidity Reserve Account may not exceed an amount required to pay all amounts due under clauses (i) and (ii) of the Priority of Payments. On the earlier of the Payment Date in June 2033 and the Payment Date on which the Note Principal Balance of the Series 2019-1 Notes has been reduced to zero, the Series 2019-1 Liquidity Reserve Required Amount will equal zero.

Advances... To the extent that a Utility does not purchase a SHREC included in the Series 2019-1 Collateral due to the occurrence of a Force Majeure Event (as such term is defined in the Master Purchase Agreements), the Manager may, at its option, advance its own funds to pay any amounts that the Manager determines in its discretion will be recoverable (together with interest at the Advance Interest Rate) from collections on the related SHREC ("**Advances**"). Each Advance will be made by the Manager in respect of a SHREC in its good faith judgment and consistent with its policies and procedures at the time of such Advance.

All Advances will accrue interest at the Advance Interest Rate from the date made through and including the date reimbursed. As of any date of determination, the "**Advance Interest Rate**" will be the prime rate as published in *The Wall Street Journal*. If *The Wall Street Journal* ceases to publish the "Prime Rate", the Manager or Trustee, as applicable, will select an equivalent publication that publishes such "Prime Rate", and if such "Prime Rates" are no longer generally published or are limited, regulated or administered by a governmental or quasi-governmental body, then Manager will select a comparable interest rate index. The Manager will include the amount of interest due on the applicable Payment Date in its Quarterly Manager Report and upon prepayment of the Notes, the Manager will provide the calculation of interest due on any Advances for the related prepayment date upon the request of the Trustee.

RISKS RELATED TO LEGAL CONSIDERATIONS

Certain U.S. Federal Income Tax Consequences	Upon the issuance of the Series 2019-1 Notes, Pullman & Comley, LLC, Tax Counsel to the Issuer ("**Tax Counsel**"), will deliver its opinion that, under existing United States federal income tax law, for United States federal income tax purposes, (a) the Series 2019-1 Notes (when held on the Closing Date by third parties unrelated to the Issuer) will be treated as indebtedness, and (b) the Issuer will not be classified as an association taxable as a corporation or a publicly traded partnership taxable as a corporation.
Certain ERISA Considerations	The Notes may generally be acquired by employee benefit plans that are subject to Title I of the Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), or plans subject to Section 4975 of the Internal Revenue Code of 1986, as amended ("**Code**"), or entities whose underlying assets are deemed to include "plan assets" under ERISA by reason of an employee benefit plan's or plan's investment in such entity (individually, a "**Plan**"), or any plan which is not subject to Title I of ERISA or Section 4975 of the Code but is subject to any provision of any other federal, state, local or non-U.S. law or regulation that is similar in purpose or intent to Title I of ERISA or Section 4975 of the Code ("**Similar Law**") (individually, a "**Similar Law Arrangement**"), but such acquisitions are subject to certain restrictions. Before purchasing any of the Notes, fiduciaries of Plans or Similar Law Arrangements should determine whether an investment in the Notes is appropriate under ERISA, the Code and any applicable Similar Law.
Certain Bankruptcy Considerations	In connection with the transfer of the SHRECs from the Parent to the Issuer, Pullman & Comley, LLC, counsel to the Parent, the Manager and the Issuer, will deliver its opinion (subject to customary assumptions and qualifications) that, in event a case under Title 11 of the United States Code is brought in which the Manager or the Parent is a debtor, (i) the transfers of SHRECs from Parent to the Issuer would be construed as "true sales" for purposes of determining whether the SHRECs constitute property of the debtor's bankruptcy estate and would not be re-characterized as a pledge given to secure an obligation of the Parent, and (ii) a bankruptcy court would not order the substantive consolidation of the assets and liabilities of the Issuer with those of the Parent or the Manager.
Investment Company Act	Pullman & Comley, LLC, counsel to the Issuer, will deliver its opinion (subject to customary assumptions and qualifications) that the Issuer is not required to be registered as an "investment company" under the Investment Company Act in accordance with the exception provided in Section 2(b) of the Investment Company Act. As a result, owning an interest in the Notes will not constitute an "ownership interest" interest in a "covered fund" for purposes of §619 (12 U.S.C. § 1851) of the Dodd–Frank Wall Street Reform and Consumer Protection Act (the "**Volcker Rule**").
Credit Risk Retention	A majority-owned affiliate of the Parent will comply with the requirements of Regulation RR, 17 C.F.R. Part 246, adopted jointly by the SEC and other federal agencies in October 2014 (the "**Credit Risk Retention Rules**"). By holding the equity interests in the Issuer issued on the Closing Date pursuant to the organizational documents of the Issuer designated as "Class R Interests" of the Issuer (the "**Class R Interests**"). See "*Credit Risk Retention*."

RISK FACTORS

An investment in the Series 2019-1 Notes involves certain substantial structural, credit, business, collateral and other risks, including, without limitation, those set forth below. Prospective investors should carefully consider the following risks and consult their legal counsel, accountants and/or tax and financial advisors before making an investment decision with respect to the Series 2019-1 Notes. Distributions on the Series 2019-1 Notes depend on payments received by the Issuer with respect to the SHREC Assets and other recoveries relating thereto. Any of the risks or circumstances described in this Offering Memorandum (and in particular those relating to the SHREC Assets) could reduce such payments and recoveries and therefore have a material adverse effect on the Issuer's ability to make payments on the Series 2019-1 Notes.

The risks and uncertainties described below are not the only ones relating to the Series 2019-1 Notes. Additional risks and uncertainties not presently known to the Issuer or that it currently deems immaterial may also adversely affect an investment in the Series 2019-1 Notes. If any of the following events or circumstances identified as risks actually occur *or materialize, any such investment could be materially and adversely affected. This Offering Memorandum also contains forward-looking statements that involve risks and uncertainties. Actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks described below and elsewhere in this Offering Memorandum.*

The Series 2019-1 Notes May Not Be a Suitable Investment for You

The Series 2019-1 Notes are not suitable investments for all investors. In particular, you should not purchase any class of Series 2019-1 Notes unless you understand and are able to bear the risk that the yield to maturity and the aggregate amount and timing of distributions on the Series 2019-1 Notes are subject to material variability from period to period and give rise to the potential for significant loss over the life of the Series 2019-1 Notes. The interaction of the foregoing factors and their effects are impossible to predict and are likely to change from time to time. As a result, an investment in the Series 2019-1 Notes involves substantial risks and uncertainties and should be considered only by sophisticated institutional investors with substantial investment experience with similar types of securities and who have conducted appropriate due diligence on the SHRECs and the Series 2019-1 Notes.

Combination or "Layering" of Multiple Risks May Significantly Increase Risk of Loss

Although the various risks discussed in this Offering Memorandum are generally described separately, prospective Series 2019-1 Noteholders should consider the potential effects on the Series 2019-1 Notes of the interplay of multiple risk factors. Where more than one significant risk factor is present, the risk of loss to Series 2019-1 Noteholders may be significantly increased. There are many circumstances in which layering of multiple risks with respect to the SHREC Assets and the Series 2019-1 Notes may magnify the effect of those risks. In considering the potential effects of layered risks, prospective investors should carefully review the descriptions of the SHREC Assets and the Series 2019-1 Notes.

Limited Assets

The Issuer does not have, nor is it expected in the future to have, any significant assets other than the SHREC Assets. The Series 2019-1 Notes are non-recourse obligations of the Issuer and are payable solely from the Series 2019-1 Trust Accounts and the Lockbox Accounts. Generally, if Series 2019-1 Noteholders do not receive their distribution payments on the Series 2019-1 Notes, they will have no recourse against the Issuer, the Trustee, the Manager or any of their respective affiliates, including the Parent. Consequently, Series 2019-1 Noteholders must rely solely on the SHREC Receivables related to the Series 2019-1 Collateral for the payment of principal of and interest on the Series 2019-1 Notes.

Limited Sources of Payment

The Series 2019-1 Notes will not be insured or guaranteed by any person or entity, including the Parent, the Manager, the Trustee, or any of their respective affiliates, or any other person or entity. In addition, the obligations of the Utilities under the Master Purchase Agreements will be unsecured obligations of the Utilities thereunder. Therefore, the receipt by the Trustee of principal and interest on the Series 2019-1 Notes will be dependent on the ability and willingness of the Utilities to make these payments. The primary credit enhancement for the Series 2019-1 Notes is overcollateralization and amounts on deposit in the Series 2019-1 Liquidity Reserve Account. The amount of credit enhancement is limited and can be depleted over time. If these sources of funds, collectively, are insufficient, Series 2019-1 Noteholders will suffer losses.

The Series 2019-1 Notes will not be obligations of the Parent or the Manager. The Series 2019-1 Notes will not constitute indebtedness of or a lien or other encumbrance against the general credit of the Parent or the Manager. The Series 2019-1 Notes will not constitute a debt of the State of Connecticut, and the State of Connecticut will not be liable

for the Series 2019-1 Notes. No Series 2019-1 Noteholder will have the right to demand payment of the principal of, or interest on, the Series 2019-1 Notes out of any funds to be raised by taxation.

Limited Credit Enhancement

Although a degree of protection against losses for the Series 2019-1 Notes is provided by (i) approximately 15.9% initial overcollateralization for the Series 2019-1 Notes (based on the difference between the aggregate quarterly estimated SHREC asset value starting on the first day of each Collection Period following the Cut-Off Date discounted at a rate of 7.00% for each SHREC included in the Series 2019-1 Collateral (the "**Aggregate Discounted SHREC Asset Balance**") as of the Cut-Off Date and the Initial Note Balances of the Series 2019-1 Notes divided by the Aggregate Discounted SHREC Asset Balance), (ii) in the case of the Series 2019-1 Class A Notes, the subordination of the Series 2019-1 Class B Notes and (iii) the Series 2019-1 Liquidity Reserve Account, the Issuer will not have any significant assets or sources of funds other than the assets conveyed and transferred to the Issuer pursuant to the Sale and Contribution Agreement and payments from Utilities relating to the Master Purchase Agreements. Payments due on the Series 2019-1 Notes will depend solely upon the willingness and ability of the Utilities to make timely payments of their obligations under the Master Purchase Agreements.

Limited Liquidity

There is no secondary market for the Series 2019-1 Notes, and the Initial Purchaser will not be obligated to establish a secondary market in the Series 2019-1 Notes or, if it commences market making activities, to continue any such market making activities. It is not expected that a meaningful secondary market for the Series 2019-1 Notes will develop. Restrictions on transfer may also reduce liquidity. The Series 2019-1 Notes have not been (and are not expected to be) registered under the Securities Act or the securities laws of any jurisdiction. The Series 2019-1 Notes may not be transferred or sold except in a transaction that is exempt from the registration requirements of or in accordance with the Securities Act and any applicable state securities laws. The Series 2019-1 Notes will bear legends referring to such restrictions. There is no obligation on the part of the Issuer or the Initial Purchaser to register the Series 2019-1 Notes under the Securities Act or such other laws referred to herein. In the event of a transfer of a Note, the transferee of such Note will be deemed to have made certain representations and warranties with respect to such transfer. See "*Certain Considerations for ERISA and Other Employee Benefit Plans*" herein. Series 2019-1 Noteholders should be prepared to bear the risk of holding the Series 2019-1 Notes for as long they are outstanding. As a result of a lack of a secondary market for the Series 2019-1 Notes, should Series 2019-1 Noteholders decide to sell the Series 2019-1 Notes, they may be unable to obtain the price they wish to receive and may suffer a loss.

The Capacities of the SHREC Systems in the Portfolio are Estimates and Averages Only, Based on Assumptions, and Production May Not Meet These Estimates

The Issuer has relied upon certain assumptions of the average capacity across the SHREC Tranche 1 portfolio and the SHREC Tranche 2 portfolio, in estimating what the SHREC Systems can be expected to generate in MWh of electricity. The Issuer has also relied upon estimates and assumptions concerning the annual rate of degradation over the 15-year term of SHREC Tranche 1 and SHREC Tranche 2. These assumptions and estimates may not accurately predict the actual MWh of electricity the SHREC Systems actually produce and that the Utilities are required to purchase under the Master Purchase Agreements. Under the Master Purchase Agreements, the Utilities are required to pay for only the SHRECs that are delivered by the Parent in the preceding month to the respective Utility's New England Power Pool Generation Information System ("**NEPOOL GIS**") account. Any decrease in the anticipated amount of such SHRECs generated by the SHREC Systems would result in reduced cash flow from the Utilities to the Issuer. This would impair the Issuer's ability to pay the principal and interest on the Series 2019-1 Notes. These estimates of potential SHREC System capacity are estimates of production only, and no guarantee of ultimate performance is offered, granted, suggested or implied.

The Transfer of the SHRECs From the Issuer to the Utilities Relies Upon the NEPOOL GIS

Under the Master Purchase Agreements, the SHRECs are created and transferred on a virtual system, the New England Power Pool Generation Information System or any successor thereto, which includes a generation information database and certificate system, operated by the New England Power Pool ("**NEPOOL**"), its designee or successor entity, which accounts for the generation attributes of electricity generated within New England. The SHREC transfer contemplated by the Master Purchase Agreements is wholly dependent upon the continued functioning of the NEPOOL GIS (generation information system) without disruption. Should any temporary or permanent disruption of the NEPOOL GIS occur, delays in the calculation and payments due from the Utilities to the Issuer may occur. This would impair the Issuer's ability to pay the principal and interest on the Series 2019-1 Notes.

Reliance on Metering

SHRECs to be created are measured by mechanical and electronic metering devices that may break down or fail, and not all of such breakdowns or failures are promptly recognized by homeowners, the Manager or the Utilities. The occurrence of mechanical or equipment breakdown or other mishaps or events would prevent potential SHRECs from entering the NEPOOL GIS and being accounted for and recognized and billed for under the Master Purchase Agreements. This would potentially reduce the payments due to the Issuer under the Master Purchase Agreements and would impair the Issuer's ability to pay the principal and interest on the Series 2019-1 Notes.

Manufacturer Warranties

Manufacturer warranties for inverters generally range from 10 to 20 years, and manufacturer warranties for workmanship of solar photovoltaic panels generally are 10 years. Manufacturer linear performance warranties for solar photovoltaic panel production generally are 25 years. Some manufacturer warranties may therefore expire before the Stated Maturity Date. In addition, during the term of these warranties, the third-party manufacturers could cease operations and no longer honor these warranties, which could negatively affect the performance of the PV system.

Impact of Tariffs on Solar Panels and Cells

Solar panels and solar modules were included among the imports on which the United States imposed substantial tariffs in 2018. As of the date of this Offering Memorandum, the tariff is 25% in 2019 and is scheduled to decline by 5% per year, reaching 15% in 2021. The tariff does not apply to the first 2.5 gigawatts of imported solar cells. The tariff covers both imported solar cells, a key input to manufacturing solar panels, and solar modules, otherwise known as solar panels. A prohibitively high cost of replacement solar panels would make it less likely that homeowners or third party lessors of home solar systems would repair a system that fails because of faulty or nonfunctional solar panels before the Stated Maturity Date. This reduction in functioning systems would potentially reduce the payments due to the Issuer under the Master Purchase Agreements and would impair the Issuer's ability to pay the principal and interest on the Series 2019-1 Notes.

Impact of Natural Disasters, Weather Events, Man-Made Disasters

The occurrence of natural disasters, including hurricanes, floods, earthquakes, tornadoes, fires, explosions, pandemic disease and man-made disasters, including acts of terrorism and military actions, could adversely affect the functioning of any one or more of the SHREC Systems, the NEPOOL GIS, the Utilities' ability to make the requisite payments under the Master Purchase Agreements, and the Issuer's ability to pay the principal and interest on the Series 2019-1 Notes.

Legal and Regulatory Provisions Affecting Investors Could Adversely Affect the Liquidity of the Series 2019-1 Notes

None of the Parent, the Issuer, the Manager or the Initial Purchaser makes any representations as to the proper characterization of the Series 2019-1 Notes for legal investment, financial institution regulatory, financial reporting or other purposes, as to the ability of particular investors to purchase the Series 2019-1 Notes under applicable legal investment or other restrictions or as to the consequences of an investment in the Series 2019-1 Notes for such purposes or under such restrictions. Note that regulatory or legislative provisions applicable to certain investors may have the effect of limiting or restricting their ability to hold or acquire asset-backed securities, which in turn may adversely affect the ability of investors in the Series 2019-1 Notes who are not subject to those provisions to resell their Series 2019-1 Notes in the secondary market. For example:

- Investors should be aware and in some cases are required to be aware of the risk retention and due diligence requirements in Europe arising out of Regulation (EU) 2017/2402 of the European Parliament and of the Council of 12 December 2017 laying down a general framework for securitisation and creating a specific framework for simple, transparent and standardised securitisation, and amending Directives 2009/65/EC, 2009/138/EC and 2011/61/EU and Regulations (EC) No 1060/2009 and (EU) No 648/2012 (the "**EU Risk Retention and Due Diligence Requirements**") which currently apply pursuant to the Securitisation Regulations described below, in respect of various types of EU regulated investors including occupational pension funds or managers, credit institutions, alternative investment fund managers that manage or market alternative investment funds in the EU, investment firms, insurance and reinsurance undertakings management companies for undertakings for the collective investment in transferable securities ("**UCITS**") and internally managed UCITS. Among other things, such requirements restrict an investor who is subject to the EU Risk Retention and Due Diligence Requirements from investing in securitisations unless: (i) the originator, sponsor or original lender in respect of the relevant securitisation has explicitly disclosed that it will retain, on an on-going basis, a net economic interest of not less than five percent in respect of certain specified credit risk tranches or securitised exposures; and (ii) such investor is able to demonstrate that it has undertaken certain due diligence in respect of various matters including but not

limited to its note position, the underlying assets and the relevant sponsor or originator. Such due diligence may require the evaluation of data on the date of purchase or subsequently that must be provided by or at the direction of the relevant sponsor or originator. Failure to comply with one or more of the requirements may result in various penalties including, in the case of those investors subject to regulatory capital requirements, the imposition of a punitive capital charge on the Series 2019-1 Notes acquired by the relevant investor. Sponsors, originators and original lenders that do not comply with the EU Risk Retention and Due Diligence Requirements are subject to administrative, and potentially criminal, sanctions. It is unclear whether any such sanctions would apply to such persons if they are organized outside the EU.

On September 30, 2015, the European Commission (the "**Commission**") published a proposed regulation to amend the EU Regulation 575/2013 and a proposed regulation aiming to create a general European framework for securitisation and a specific framework for "simple, transparent and standardised" securitisation, which were intended, among other things, to re-cast the EU risk retention rules as part of wider changes to establish a "Capital Markets Union" in Europe. The final regulations relating to securitisations were published in the Official Journal of the European Union on December 28, 2017 as Regulation (EU) 2017/2402 of the European Parliament and of the Council of 12 December 2017 (the "**Securitisation Regulation**") and entered into force on the twentieth day thereafter. They were accompanied by Regulation (EU) 2017/2401 of the European Parliament and of the Council of 12 December 2017, which revised the prudential and capital requirements for credit institutions and investment firms (the "**Capital Regulation**", and, together with the Securitisation Regulation, the "**Securitisation Regulations**"). The Securitisation Regulations commenced applying on January 1, 2019 (subject to certain transitional provisions regarding securitisations the securities of which were issued before January 1, 2019). The Securitisation Regulations are implemented in part by way of the Investors should be aware that there are material differences between the prior EU legal framework governing securitisation and that in the Securitisation Regulations (including changes to the EU Risk Retention and Due Diligence Requirements). You are responsible for monitoring and assessing changes to the EU law and regulations.

Neither the Parent nor the Issuer intends to retain a material net economic interest in the securitization constituted by the issue of the Notes in accordance with the EU Risk Retention and Due Diligence Requirements or to take any other action which may be required by EEA-regulated investors for the purposes of their compliance with the EU Risk Retention and Due Diligence Requirements. Consequently, the Series 2019-1 Notes are not a suitable investment for EEA-credit institutions, investment firms or the other types of EEA regulated investors mentioned above and may not be suitable for their consolidated affiliates, including any such affiliates in the United States. As a result, the price, liquidity and marketability or market value of the Series 2019-1 Notes in the secondary market may be adversely affected. EEA-regulated investors should consult with their own investment and legal advisors regarding the suitability of the Series 2019-1 Notes for investment. None of the Parent, the Issuer, the Initial Purchaser, or any of their affiliates makes any representation that it has complied with, or will comply with, the EU Risk Retention and Due Diligence Requirements. Furthermore, no such party is undertaking any obligation to, or making any representation or assurance that any of them will retain any specific net material economic interest in the Issuer, the Series 2019-1 Notes or the SHRECs or provide additional information that may be required to enable you to satisfy the EU Risk Retention and Due Diligence Requirements, and none of such parties makes any representations or assurance to retain any such level of risk after the Closing Date.

- The Dodd–Frank Wall Street Reform and Consumer Protection Act (the "**Dodd–Frank Act**") enacted in the United States requires that federal banking agencies amend their regulations to remove reference to or reliance on credit agency ratings, including, but not limited to, those found in the federal banking agencies' risk-based capital regulations. These regulations implement the increased capital requirements established under the Basel Accord and eliminate reliance on credit ratings and otherwise alter, and in most cases increase, the capital requirements imposed on depository institutions and their holding companies, including with respect to ownership of asset-backed securities such as the Series 2019-1 Notes. As a result of these regulations, investments in the Notes by institutions subject to the risk-based capital regulations may result in greater capital charges to these financial institutions and these new regulations may otherwise adversely affect the treatment of commercial mortgage-backed securities for their regulatory capital purposes.
- On October 21, 2014, the Federal Deposit Insurance Corporation (the "**FDIC**"), the Federal Housing Finance Agency ("**FHFA**") and the OCC adopted the final Credit Risk Retention Rules implementing the credit risk retention requirements of section 941 of the Dodd-Frank Act for asset-backed securities. The following day, the Federal Reserve, the SEC and the Department of Housing and Urban Development (together with the FDIC, FHFA, and OCC, the "**Joint Regulators**") adopted the Credit Risk Retention Rules. As required by the Dodd-Frank Act, the Credit Risk Retention Rules generally require "securitizers" to retain not less than 5% of the credit risk of the mortgage loans securitized and generally prohibit securitizers from directly or indirectly eliminating or reducing its credit exposure by hedging or otherwise transferring the credit risk that the securitizer is required to retain. See "*Credit Risk Retention*" in this Offering Memorandum.

- The Issuer will be relying on an exclusion or exemption under the Investment Company Act contained in Section 2(b) of the Investment Company Act, although there may be additional exclusions or exemptions available to the Issuer. The Issuer is being structured so as not to constitute a "covered fund" for purposes of Section 619 of the Dodd–Frank Act (such statutory provision together with such implementing regulations, the "**Volcker Rule**"). The Volcker Rule generally prohibits "banking entities" (which is broadly defined to include U.S. banks and bank holding companies and many non-U.S. banking entities, together with their respective subsidiaries and other affiliates) from (i) engaging in proprietary trading, (ii) acquiring or retaining an ownership interest in or sponsoring a "covered fund" and (iii) entering into certain relationships with such funds. Under the Volcker Rule, unless otherwise jointly determined otherwise by specified federal regulators, a "covered fund" does not include an issuer that may rely on an exclusion or exemption from the definition of "investment company" under the Investment Company Act other than the exclusions contained in Section 3(c)(1) and Section 3(c)(7) of the Investment Company Act. The general effects of the Volcker Rule remain uncertain. Any prospective investor in the Series 2019-1 Notes, including a U.S. or foreign bank or a subsidiary or other affiliate of such entity, should consult its own legal advisors regarding such matters and other effects of the Volcker Rule.

  If the Securities and Exchange Commission (the "**SEC**") or a court of competent jurisdiction were to find that the Issuer was required, but in violation of the Investment Company Act had failed, to register as an investment company, possible consequences include, but are not limited to, the following: (i) the SEC could apply to a district court to enjoin the violation; (ii) investors in the Notes could sue the Issuer and recover any damages caused by the violation; and (iii) any contract to which the Issuer is a party that is made in violation of the Investment Company Act or whose performance involves such violation would be unenforceable by any party to the contract unless a court were to find that under the circumstances enforcement would produce a more equitable result than non-enforcement and would not be inconsistent with the purposes of the Investment Company Act. In addition, such a finding would constitute an Event of Default.

- The Financial Accounting Standards Board recently adopted changes to the accounting standards for structured products such as the Series 2019-1 Notes. These changes, or any future changes, may affect the manner in which you must account for an investment in the Series 2019-1 Notes and, under some circumstances, may require that you consolidate the entire assets of the Issuer on your balance sheet. Prospective investors in the Series 2019-1 Notes should consult their accounting advisors to determine the effect that accounting standards, including the recent changes, may have on them. The imposition of these standards could affect the ability or willingness of various entities to purchase Series 2019-1 Notes, which in turn may adversely affect the liquidity of the Series 2019-1 Notes in the secondary market. This could adversely affect the ability to transfer Series 2019-1 Notes or the price you may receive upon a sale of Series 2019-1 Notes.

Accordingly, all investors whose investment activities are subject to legal investment laws and regulations, regulatory capital requirements, or review by regulatory authorities should consult with their own legal, accounting and other advisors in determining whether, and to what extent, the Series 2019-1 Notes will constitute legal investments for them or are subject to investment or other restrictions, unfavorable accounting treatment, capital charges or reserve requirements. See "*Legal Investment Considerations*" in this Offering Memorandum.

The Sole Source of the Issuer's Cash Flow is the Potential Stream of Payments Made Under the Master Purchase Agreements Assigned to the Issuer by the Parent

Although certain additional collateral is assigned to the Issuer under the Sale and Contribution Agreement, the periodic payments of principal and interest due on the Series 2019-1 Notes rely primarily on the payments made under the Master Purchase Agreements by Utilities to the Issuer in respect of SHRECs transferred to the Utilities from Issuer via the NEPOOL GIS. Under the Master Purchase Agreements, the Utilities are required to deliver payment for the SHRECs with respect to any SHREC Tranches exclusively to the Parent (or its assignee, the Issuer), and promise that the Utilities shall not sell, divert, grant, transfer or assign any such payment for SHRECs to any person other than the Parent (or its assignee, the Issuer) during and following the relevant SHREC Tranche Delivery Term. The transfer of SHRECs occurs via the NEPOOL GIS from the Parent's NEPOOL GIS account to the Utilities' NEPOOL GIS accounts. The Parent (or its assignee, the Issuer), invoices the Utilities for the value of the SHRECs transferred via the NEPOOL GIS. The payment of the amounts due on the Series 2019-1 Notes is therefore reliant upon the Utilities' ability to pay the amounts due under the Master Purchase Agreements for the SHRECs transferred to the Utilities via NEPOOL GIS.

If an event of default occurs under the Master Purchase Agreements, the Utilities have the right to withhold payments thereunder up to the amount of its damages, terminate the Master Purchase Agreements, or suspend performance with respect to the transfer of SHRECs thereunder until such event of default is cured. Events of default under the Master Purchase Agreements include uncured breaches of representations and warranties, representations and warranties proving false, or the bankruptcy of any party thereto. See "*The Collateral—The Master Purchase Agreements—Events of Default and Remedies Under the Master Purchase Agreements*." Upon an event of default under the Master Purchase Agreements one or both of the Utilities could suspend performance or terminate the related Master Purchase Agreement, in which case

funds would not be made available to the Issuer for deposit into the Series 2019-1 Collection Account. Such an event would adversely affect the yield of the Series 2019-1 Notes.

The Parent (and the Issuer as its assignee) is statutorily required to sell SHRECs to the Utilities at the Tranche Purchase Prices determined pursuant to the Master Purchase Agreements, as described in this Offering Memorandum under "*The Collateral—The Master Purchase Agreements—SHREC Tranche Purchase Price*." Therefore, even if the Issuer could obtain a better price from a third-party purchaser, the Issuer is required to sell SHRECs to the Utilities at the applicable SHREC Tranche Purchase Price. This will limit the amount of payments available to make payments on the Series 2019-1 Notes.

In addition, the Stated Maturity Date for the Series 2019-1 Notes is June 15, 2044, however the last date SHREC Receivables can accrue on the Series 2019-1 SHRECs will occur in 2033 (15 years after the Tranche 2 creation date). Although Scheduled Principal is due on the Series 2019-1 Notes on each Payment Date until March 15, 2033, at which time the Series 2019-1 Notes are expected to be paid in full, failure of the Issue to pay Scheduled Principal will not constitute an Event of Default until the Stated Maturity Date. If the Issuer is unable to make Scheduled Principal Payments on the Series 2019-1 Notes, it is possible that Series 2019-1 Noteholders could experience a delay in exercising remedies pursuant to the Indenture.

The Utilities are Vulnerable to any Changes in Demand for Electricity and Gas that May Occur, and to Increases in the Levels of Doubtful Receivables, as a Result of Poor Economic Conditions

The Utilities maybe subject to working capital risks due to delays or defaults in payment by their customers, which may restrict their ability make payments when due. Any defaults or delays by the Utilities' customers in meeting their payment obligations to the Utilities may have a material adverse effect on the Utilities' financial condition and results of operations and ability to meet their payment obligations.

The Utilities are public utilities providing electricity generation, gas supply and electricity and gas transmission services primarily to New England customers. As a result, the Utilities' results of operations are substantially affected by regional economic conditions, which in turn can be affected by developments including, but not limited to:

- macroeconomic events, including external economic shocks;
- a decline in Connecticut's and the New England region's gross domestic product;
- the imposition of new or additional tariffs or sanctions involving trading partners;
- a decrease in investment in the New England region;
- increasing levels of unemployment;
- governmental budget deficits or other fiscal difficulties; and
- adverse demographic changes.

No assurance can be given that the Utilities' business, financial condition, cash flows, results of operations or prospects will not be affected by such events, now or in the future.

The Utilities' Power Generation Capacity, Revenues, Costs and Results of Operations are Significantly Influenced by Weather Conditions and Seasonal Variations that are Not Within its Control

Electricity consumption is seasonal and is mainly affected by weather conditions. In Connecticut, electricity consumption is generally higher during the autumn and winter months, and the Utilities generally experience higher demand during the colder months of October through March and lower demand during the warmer months of April through September. As a result of these seasonal patterns, the Utilities' sales and results of operations are higher in the first and fourth quarters and lower in the second and third quarters. Sales and results of operations for all of the Utilities' energy operations can be negatively affected by periods of unseasonably warm weather during the autumn and winter months.

Impact of Strikes, Labor Disputes and Industrial Disputes

Each Master Purchase Agreement contains a Force Majeure clause that excuses a party's performance in the event of a strike or industrial dispute. The occurrence of any such event would therefore potentially excuse the Utilities from performance under the Master Purchase Agreements during the pendency of any such strike or industrial dispute, taking away the Issuer's primary source of repayment of the Series 2019-1 Notes. The occurrence of any such event, whether or not it actually excuses the Utilities' performance under the applicable Master Purchase Agreement, may also have a

material adverse effect on the Utilities' financial condition and results of operations and ability to meet their payment obligations.

Changes in Technology May Render Current Technologies Obsolete or Require the Utilities to Make Substantial Capital Investments

Continuing modernization and technology upgrade is essential to reduce costs and increase the output of the Utilities. Their technology and machinery may become obsolete or may not be upgraded timely, hampering the Utilities' operations and negatively affecting their financial condition. The costs involved in upgrading the Utilities' technology and modernizing plants and machinery are significant, which could substantially affect Utilities' finances and operations.

Changing Laws, Rules and Regulations and Legal Uncertainties May Adversely Affect the Utilities' Business and Financial Performance

The Utilities' business and financial performance could be adversely affected by changes in law or regulatory environment, or interpretations of existing laws, rules and regulations, or the promulgation of new laws, rules and regulations, federally or in Connecticut, applicable to Utilities operating in Connecticut and their business. Any significant changes in relevant laws or regulatory environment might materially affect the Utilities' finances and operations.

Political, Economic or Other Factors that are Beyond the Issuer's Control May Have an Adverse Effect on the Utilities' Business, Results of Operation and Cash Flows

The Utilities are dependent on domestic, regional and market conditions. Their performance, growth, and market demand for energy may be adversely affected by an economic downturn in the local, regional or global economies. The Utilities' growth is affected by various factors, including Connecticut and New England energy consumption. Consequently, any future slowdown in Connecticut's or the New England region's economy could harm the Utilities' business, results of operations, cash flows and financial condition.

Impact of Bankruptcy of Utilities

There can be no assurance that one or both of the Utilities will not become insolvent and/or file a voluntary petition, or that an involuntary petition will not be filed against, either or both of the Utilities under the United States Bankruptcy Code, 11 U.S.C. Section 101, et seq., as amended (the "**Bankruptcy Code**") or any similar applicable state law (collectively, with the Bankruptcy Code, the "**Insolvency Laws**"). Both debt risk and revenue risk can be contributing factors in a Utility bankruptcy. Utilities tend to have high credit ratings at all times, even when leading up to a bankruptcy, making the risk of a utility bankruptcy appear lower than the actual risk levels. These high credit ratings imply a low risk of default, but for utilities this can be a misleading representation of credit worthiness. Further, despite the fact that utilities provide an important and irreplaceable product, they still face the effects of economic downturns as economic activity is highly cyclical.

Neither of the Utilities is a special purpose bankruptcy remote entity. Both Connecticut Light and Power Company d/b/a Eversource Energy and United Illuminating Company (the "**Utilities**") are engaged in in other business activities, in addition to being obligated under the Master Purchase Agreements to make payments to the Issuer through the purchase of the SHRECs through the NEPOOL GIS. As a consequence, either or both of the Utilities may be the subject of a voluntary or involuntary petition for relief by or against either or both Utilities under the Bankruptcy Code or other applicable insolvency laws.

In a case under Chapter 11 of the Bankruptcy Code, assuming that the Master Purchase Agreements are considered to be executory contracts, a Utility's bankruptcy trustee, or the Utility as a debtor-in-possession (as to either, the "**bankruptcy trustee**") will have the opportunity to assume or reject the Master Purchase Agreement, and the decision may not be made until the time of a confirmation hearing on a final plan of reorganization. If the Master Purchase Agreement is not assumed or rejected at any time before confirmation of a plan of reorganization, the Issuer will be obligated to continue performing under the applicable Master Purchase Agreement, without receiving return performance from the bankruptcy trustee, unless on request of the Issuer and after notice and a hearing, the bankruptcy court orders the bankruptcy trustee to assume or reject the Master Purchase Agreement, or in the interim period before assumption or rejection, the bankruptcy court grants an order allowing such return performance, in whole or in part, as an administrative expense, or directs the payment of monies due under the Master Purchase Agreement (the return performance), or both. The suspension of payments of amounts due to the Issuer under the Master Purchase Agreement during the period after commencement of the Chapter 11 case, or the failure of the trustee in bankruptcy to resume making payments due to the Issuer under the Master Purchase Agreement thereafter, could result in delays or reductions in payments to the Noteholders, which may result in a loss on a Noteholder's investment in the Series 2019-1 Notes.

If one or both of the Utilities were to become a debtor under the Bankruptcy Code, there can be no assurance that the utilities will be able to successfully reorganize their businesses, and it is possible that the Utilities may be forced to sell

their assets, otherwise liquidate or seek modifications to their obligations, including the obligation to purchase SHRECs pursuant to the applicable Master Purchase Agreement.

Recharacterization of the Sale and Contribution Agreement

If Connecticut Green Bank becomes a debtor in a case under the Bankruptcy Code, and a creditor or the bankruptcy trustee were to take the position that the Issuer's purchase of the SHRECs included in the Series 2019-1 Collateral, any Additional SHRECs and SHREC Assets under the Sale and Contribution Agreement is not a "true sale," but instead is a pledge or security interest given to secure an obligation of the Issuer, and should therefore be characterized (irrespective of the form of the documentation and intent of the parties, which state that the transfer is a true sale without recourse) as a transfer or sale of the Series 2019-1 SHRECs, any Additional SHRECs and SHREC Assets to the Issuer, subject to a security interest under the Sale and Contribution Agreement securing the payment of the purchase price by the Issuer, then such Series 2019-1 SHRECs, Additional SHRECs and SHREC Assets could be deemed part of Connecticut Green Bank's bankruptcy estate. As of the Closing Date, Pullman & Comley, LLC, special counsel to the Issuer, will deliver an opinion to the effect that, subject to certain assumptions, limitations and qualifications, in a properly presented and argued case, a bankruptcy court having jurisdiction over Connecticut Green Bank would not find that the relevant Series 2019-1 SHRECs, Additional SHRECs and SHREC Assets constitute property of the bankruptcy estate of Connecticut Green Bank.

Any such recharacterization of the Sale and Contribution Agreement could result in delays in recovering such Series 2019-1 SHRECs, Additional SHRECs and SHREC Assets and could result in delays or reductions in payments to the Noteholders, which may result in a loss on your investment in the Series 2019-1 Notes.

Risks Associated with Connecticut Green Bank, the Parent and the Manager

Connecticut Green Bank will act as the Manager pursuant to the Management Agreement with respect to certain actions relating to the SHRECs, including the purchase and sale of SHRECs on behalf of the Issuer in accordance with the Transaction Documents and critical functions regarding protection of the Collateral and the security interest in the Collateral. The Issuer does not have the power to hire or otherwise retain its own employees; therefore, it must rely on Connecticut Green Bank, as Manager, or the successor to Connecticut Green Bank, as successor Manager appointed under the terms of the Management Agreement, to perform all of the necessary management functions for minting the SHRECs and selling the SHRECs to the Utilities under the Master Purchase Agreements and maintaining the payment streams and the Collateral for the Series 2019-1 Notes.

Connecticut Green Bank is a public instrumentality and political subdivision of the State of Connecticut established and created for the performance of an essential public and governmental function. Connecticut Green Bank is reliant on public sources of funding to maintain the sophisticated operations necessary to serve as Manager. Green Bank employees participate in the employee benefits programs and retirement programs offered by the State of Connecticut. Although payments of the amounts due under the Series 2019-1 Notes do not rely on any of the State of Connecticut, Connecticut Green Bank or the Issuer (as the Series 2019-1 Notes are without recourse to any of these entities), the obligations of Connecticut Green Bank as Manager rely on the continued performance of its workforce. As the State of Connecticut is faced with economic and budgeting pressures, Connecticut Green Bank's sources of funding may be reduced. These funding sources may be affected by a variety of political and economic factors outside of Connecticut Green Bank's control. Reduced funding could negatively affect Connecticut Green Bank's ongoing operations and ability to maintain the staff it needs to support the management function. As a result, Connecticut Green Bank could have to resign as Manager and be replaced. Although contemplated by the Management Agreement, this could result in delays in payment. As Connecticut Green Bank was established and created by the State of Connecticut pursuant to Conn. Gen. Stat. Section 16-245n, the State of Connecticut would have the sole power and authority to discontinue Connecticut Green Bank's existence. However, under the terms of Conn. Gen. Stat. Section 16-245n(h), the State of Connecticut pledges and agrees "with any person with whom Connecticut Green Bank may enter into contracts pursuant to the provisions of this section that the state will not limit or alter the rights hereby vested in said bank until such contracts and the obligations thereunder are fully met and performed on the part of said bank, provided nothing herein contained shall preclude such limitation or alteration if adequate provision shall be made by law for the protection of such persons entering into contracts with said bank."

Failure of the Parent to Repurchase Ineligible SHRECs When Required Will Reduce Funds Available to Make Payments on the Series 2019-1 Notes

None of the SHRECs is insured or guaranteed by the State of Connecticut or any governmental agency or instrumentality. Pursuant to the Sale and Contribution Agreement, the Parent will be obligated, no later than 30 days following the discovery or notification of one or more Ineligible SHRECs (subject to any applicable grace periods), to either (a) cure the related breach or breaches or (b) pay the Ineligible SHREC Deposit Amount in respect of the related SHREC or SHRECs, which the Trustee will deposit into the Series 2019-1 Collection Account. Upon payment of the Ineligible SHREC Deposit Amount, the Issuer will re-convey to the Parent, the related Ineligible SHREC.

The Parent is the sole warranting party in respect of the SHRECs sold by the Parent to the Issuer. In the event the Parent fails to fulfill its obligations, you could experience cash flow disruptions or losses on your Series 2019-1 Notes. We cannot assure you that the Parent will effect such repurchases. In addition, the Parent may have various legal defenses available to it in connection with a repurchase obligation. Except for the foregoing obligations with respect to Ineligible SHRECs, the Parent will not have any repurchase obligations in respect of the SHRECs.

A Perfected Security Interest in the Collateral Must Be Maintained in Favor of the Trustee

Pursuant to the Indenture, the Issuer will grant to the Trustee for the benefit of the Trustee, the Manager and the Noteholders a security interest in the Collateral. The Indenture requires the Issuer to take various actions to perfect, maintain and preserve the lien (and the priority of such lien) of the Trustee in the Collateral, including, but not limited to, filing or causing to be filed Uniform Commercial Code (the "**UCC**") financing statements that are appropriate, to the extent that the UCC applies, to perfect the security interests of the Trustee in the Collateral under the Indenture. We cannot assure you that the UCC applies to such security interests or ownership interests, and thus we cannot assure you that the filing of such financing statements will perfect such security interests or ownership interests under applicable law. The liens granted under the Indenture may not be perfected, or may become subordinated to the liens of other creditors, if the Issuer fails to take such actions. The Trustee has no independent duty to nor will it monitor the acquisition of the initial property or additional property or rights that constitute Collateral or the perfection (or maintenance of perfection or priority) of any such security interests, which may expose Series 2019-1 Noteholders to a failure of priority or perfection with respect to competing creditors and resulting losses on the Series 2019-1 Notes.

Potential Conflicts of Interest between Connecticut Green Bank's Statutory Mandate and Duties as Manager

Connecticut Green Bank is statutorily chartered under the Connecticut General Statutes to "(i) develop separate programs to finance and otherwise support clean energy investment in residential, municipal, small business and larger commercial projects and such others as Connecticut Green Bank may determine; (ii) support financing or other expenditures that promote investment in clean energy sources in accordance with a comprehensive plan developed by it to foster the growth, development and commercialization of clean energy sources and related enterprises; and (iii) stimulate demand for clean energy and the deployment of clean energy sources within the state that serve end use customers in the state."

By entering into the Management Agreement, Connecticut Green Bank will be committing its personnel and resources to opening the Series 2019-1 Trust Account, opening the Series 2019-1 Issuer Lockbox Account, and enforcing the Issuer's rights under the Master Purchase Agreements and the other Transaction Documents to which it is a party, in order to maintain the assets of the Issuer that are designated as security allocable to the Series 2019-1 Notes pursuant to the Indenture. The Manager's duties will also include preparing all supplements and amendments to the Transaction Documents and all financing statements, continuation statements, instruments of further assurance and other instruments and taking such other action as is necessary or advisable to protect the SHREC Assets.

As the State of Connecticut is faced with economic and budgeting pressures, Connecticut Green Bank's sources of funding may be reduced. These funding sources may be affected by a variety of political and economic factors outside of Connecticut Green Bank's control. Reduced funding could negatively affect Connecticut Green Bank's ongoing operations and ability to maintain the staff it needs to support both its statutory mandate, and these very different contractual commitments. As a result, Connecticut Green Bank could have to resign as Manager and be replaced. Although contemplated by the Management Agreement, this could result in delays in payments under the Series 2019-1 Notes.

The Potential Effects of Litigation on the Transaction Parties

If a transaction party becomes subject to litigation or regulatory enforcement relating to the Collateral, this may increase the costs and expenses of the Manager and the Trustee and may adversely affect the value of the Collateral (*e.g.*, impact on collectability and/or timing or likelihood of redemption). Such costs and expenses are generally paid out of Available Funds prior to payment on the Series 2019-1 Notes (subject to the Indemnification Cap). In addition, if the Manager is subject to litigation, arbitration, or other disputes, this may adversely affect its ability to perform its obligations under the transaction documents, even if such litigation is not related to the Issuer, the Collateral or the SHRECs. This could result in a delay or reduction of payments on the Series 2019-1 Notes. We cannot assure you as to the effect any such litigation may have on payments in respect of the Collateral, the SHREC Assets or the Series 2019-1 Notes. Any adverse determination in such matters may adversely affect the Parent's or the Manager's financial condition and, in turn, the Parent's ability to repurchase any Ineligible SHRECs or the Manager's ability to manage the SHRECs.

Finally, in the event that any employees of the transaction parties are, or become subject to, litigation, arbitration or other disputes, this could distract such employees and may adversely affect their ability to perform their professional obligations.

Exemption from Connecticut Personal Property Taxes May Not Be Available to Third Party System Owners

Connecticut General Statutes Section 12-81(57)(A) provides that the SHREC Systems constitute personal property that shall be exempt from Connecticut's personal property tax. Certain municipalities in Connecticut have denied the exemption from personal property tax for SHREC Systems that are owned by third parties ("**TPOs**") and leased to the homeowners. The TPOs and Connecticut Green Bank have appealed this denial to the Superior Court in Connecticut and are currently seeking a legislative clarification of the applicability of the property tax exemption to both TPOs and homeowners that own SHREC Systems. If the exemption is not upheld for both TPOs and homeowners, the economics of the underlying leases and the power purchase agreements between the homeowners and the TPOs would be negatively impacted. In addition, as one of the TPOs is an indirect subsidiary of Connecticut Green Bank, an adverse determination in any of the pending cases may adversely affect the Parent's or the Manager's financial condition and, in turn, the Parent's ability to repurchase any Ineligible SHRECs or the Manager's ability to manage the SHRECs or both.

Timing and Amount of Principal Payments on the Series 2019-1 Notes Will Depend in Part on the Performance of the Manager

The SHREC Assets will be managed by the Manager. No person will provide a guarantee of the obligations of the Manager, including, without limitation, the State of Connecticut. The amount and timing of periodic distributions on the Series 2019-1 Notes will depend in part on the relative skill and diligence exercised by the Manager in performing its obligations with respect to the SHREC Assets. Various factors may affect the ability of the Manager to fulfill its contractual obligations and the resources that the Manager may be able or willing to devote to servicing the SHREC Assets. These factors may include, for example, the financial condition of the Manager at any time, litigation or governmental proceedings involving the Manager, the size and rate of growth of the Manager's portfolio, and the amount of time required to be devoted by management personnel to other activities.

Resignation or termination of the Manager for any reason may affect the timing and amount of periodic distributions on the Series 2019-1 Notes. In the event that the Manager is terminated the Trustee (at the direction of the Noteholder Majority) will appoint a successor Manager, but the transition may cause delays in payment. See "*Description of the Management Agreement—Manager Transition*".

Risks Related to Advances

To the extent that a Utility does not purchase a SHREC included in the Series 2019-1 Collateral due to the occurrence of a Force Majeure Event (as such term is defined in the Master Purchase Agreements), the Manager may, at its option, advance its own funds to pay any amounts that the Manager determines in its discretion will be recoverable (together with interest at the Advance Interest Rate) from collections on the related SHREC ("**Advances**"). Each Advance will be made by the Manager in respect of a SHREC in its good faith judgment and consistent with its policies and procedures at the time of such Advance. The Manager will be entitled to be reimbursed for such Advances on each Payment Date in accordance with the Priority of Payments together with interest on such Advances at the "Prime rate" as published in *The Wall Street Journal* (the "**Advance Interest Rate**"). If *The Wall Street Journal* ceases to publish the "Prime Rate", the Manager will select an equivalent publication that publishes such "Prime Rate", and if such "Prime Rates" are no longer generally published or are limited, regulated or administered by a governmental or quasi-governmental body, then the Manager will select a comparable interest rate index. Interest on Advances will accrue from the date on which an Advance is made through the date of reimbursement. The reimbursement of Advances, together with interest on such advances, will have priority over any distributions to Series 2019-1 Noteholders on any Payment Date and could reduce the amounts available for distribution to Series 2019-1 Noteholders. See "*Description of the Management Agreement—Advances*" in this Offering Memorandum.

Risks Related to Connecticut Green Bank's Need for a Warehouse Facility for Additional SHRECs

As discussed in the section of this Offering Memorandum titled "*Use of Proceeds*", the Issuer intends to use a portion of the proceeds from the issuance and sale of the **Series 2019-1** Notes to pay the current secured indebtedness of Connecticut Green Bank in order to release the Series 2019-1 Collateral from the related secured credit facility (the "**Warehouse Facility**"). It is the Parent's intention to continue to finance future tranches of SHRECs (if any such future tranches of SHRECs are issued) with a continuation of the Warehouse Facility on an amended basis, or through one or more other secured credit facilities that are secured by, among other things, (i) SHREC receivables generated by SHRECs other than the Series 2019-1 SHRECs pursuant to the Master Purchase Agreements, (ii) the Parent's rights under the Master Purchase Agreements with respect to the SHRECs other than the Series 2019-1 SHRECs, and (iii) all proceeds of the foregoing. Although all rights under the Master Purchase Agreements relating to the Series 2019-1 SHRECs are being pledged by the Issuer to the Trustee, a secured lender with respect to a different SHREC Tranche may try to assert certain claims in respect of such rights, in which case payments on the Series 2019-1 Notes could be delayed.

Bankruptcy of the Manager, the Issuer or the Parent May Adversely Affect Payments on the Series 2019-1 Notes

The Issuer has been structured as a limited purpose Delaware limited liability company. As it is a special purpose entity, the Issuer's limited liability company agreement (the "**Issuer LLC Agreement**") requires that the Issuer will engage only in activities permitted by its organizational documents. While the Issuer has been structured as a special purpose entity, with formation documents that include provisions that are intended to reduce the likelihood of a voluntary bankruptcy filing, including the appointment of an independent manager whose consent is required to commence a voluntary bankruptcy case and limitation of the stated purpose of the Issuer to engage only in activities permitted by its organizational documents, the Issuer is not bankruptcy-proof. None of the Manager (which is initially the Parent) or the Issuer has any current intent to file, and none of the Parent or any of its affiliates, excluding the Issuer, has any current intent to cause the filing of, a voluntary petition under bankruptcy laws with respect to the Issuer or the Manager. There can be no assurance, however, that the Issuer, the Manager, or Parent (together, the "**Connecticut Green Bank Entities**") will not become insolvent and/or file a voluntary petition or have an involuntary petition filed against any of them under bankruptcy laws in the future.

The voluntary or involuntary petition for relief under the Insolvency Laws with respect to either the Manager or the Parent should not necessarily compel a similar voluntary petition with respect to the Issuer. The Issuer has taken certain steps in structuring the transactions contemplated hereby that are intended to make it unlikely that any voluntary petition for relief by the Parent or the Manager under the Insolvency Laws or involuntary petition for relief by a third party against the Parent or the Manager under the Insolvency Laws will result in the substantive consolidation, pursuant to the Insolvency Laws, of the assets and liabilities of the Issuer with those of either of the Parent or the Manager. These steps have included having the operating agreement of the Issuer contain provisions, points and restrictions on its ability to (i) institute or consent to the institution of bankruptcy insolvency proceedings, (ii) merge or consolidate with another entity or sell substantially all of its assets, (iii) incur, assume or guarantee any indebtedness other than as otherwise provided in its organizational documents, (iv) engage in any other actions that would bear on the legal separateness of the Issuer from the Parent or the Manager or any affiliate thereof, or (v) make certain amendments to its organizational documents.

As of the Closing Date, Pullman & Comley, LLC, special counsel to the Issuer, will render its opinion that, subject to certain assumptions, the assets and liabilities of the Issuer would not be substantively consolidated with the assets and liabilities of the Parent or the Manager in the event of a petition for relief under the Bankruptcy Code is filed with respect to the Parent or the Manager. Notwithstanding, there can be no definitive assurance that the activities of the Parent or the Manager would not result in a court's exercising bankruptcy jurisdiction concluding that the assets and liabilities of the Issuer should be substantively consolidated with those of the Parent or the Manager in a case under applicable Insolvency Laws. If a party in interest were to assert that the assets and liabilities of the Issuer should be consolidated with those of the Parent or the Manager and a court of competent jurisdiction so ordered, there could be delays and/or reductions in payments on the Series 2019-1 Notes. In the event of the insolvency or bankruptcy of the Parent or the Manager, a court could, among other remedies, attempt to recharacterize the transfer of the SHREC Assets by Connecticut Green Bank to the Issuer as a borrowing by the Issuer from Connecticut Green Bank, secured by a pledge of the SHREC Assets. Connecticut Green Bank and the Issuer believe that the transfer of the SHREC Assets by Connecticut Green Bank constitute an absolute transfer of such SHREC Assets by Connecticut Green Bank and, therefore, the SHREC Assets would not be property of Connecticut Green Bank in the event of the filing of a petition for relief by or against any of the Parent or the Manager under the Insolvency Laws. Nevertheless, if a party in interest were to assert that the transfer of the SHREC Assets from Connecticut Green Bank should be characterized as an avoidable transfer or be recharacterized as pledge of such SHREC Assets in a court of competent jurisdiction so ordered, there could be delays and/or reductions in payments on the Series 2019-1 Notes. In addition, if so ordered, the court could, among other remedies, elect to accelerate payment of the Series 2019-1 Notes and liquidate the SHREC Assets of the Issuer with the Noteholders entitled to the then related aggregate outstanding Note balance, together with interest to the date of payment. In such event, the weighted average life of the Series 2019-1 Notes would likely be significantly reduced.

Apart from the substantive consolidation and recharacterization, there could be other circumstances that could result in delays or reductions in payments on the Series 2019-1 Notes. The automatic stay provisions of the Bankruptcy Code could prevent any action by the Issuer, the Trustee, or the Noteholders to enforce any obligations of the Parent or the Manager, or to collect any amount owing by the Parent or the Manager, under any Transaction Document, unless or until the bankruptcy court authorizes such action. With the authorization of a bankruptcy court, the Parent or the Manager may be able to reject any Transaction Document to which it is a party that constitutes an executory contract. A rejection of a Transaction Document by the Parent or the Manager could excuse the Parent or the Manager (as applicable) from performing its obligations under such agreement, including obligations to pay liquidated damages amount in respect of a defective SHREC Asset or may limit or eliminate any of the rights of the Issuer that have been assigned to the Trustee, but the counterparty to such Transaction Document would be entitled to assert claims for rejection damages in the bankruptcy case. The occurrence of any of these events could result in delays or reductions in payments on the Note.

Connecticut Green Bank will also act as the initial Manager. The automatic stay provisions of the Bankruptcy Code could prevent any action by the Issuer, the Trustee, or the Noteholders to force any obligations of Connecticut Green Bank, as Manager, as applicable, or to collect any amount owing by Connecticut Green Bank, as Manager, under the

Management Agreement or any other Transaction Document unless and until the bankruptcy court authorizes such action. In addition, with the authorization of the bankruptcy court, Connecticut Green Bank, as Manager, may be able to reject the Management Agreement or any other Transaction Document to which it is a party. A repudiation of the Management Agreement or any other Transaction Document by Connecticut Green Bank could excuse Connecticut Green Bank from performing its obligations under such agreement, including the obligation to collect payments from the Utilities and may, with respect to the Management Agreement, limit or eliminate any of the rights of the Issuer that have been assigned to the Trustee. The occurrence of any of these events could result in delays or reductions in payments of the Series 2019-1 Notes. See "*The Manager and the Management Agreement*".

Pursuant to the Master Purchase Agreements, the bankruptcy of any party thereto constitutes an event of default thereunder. The voluntary or involuntary petition for relief under the Insolvency Laws with respect to the Parent, therefore, would allow the Utilities to exercise remedies pursuant to the Master Purchase Agreements including withholding payments thereunder to the extent of their damages, suspending performance with regard to purchasing SHRECs thereunder or terminating the agreements. If the Utilities exercised remedies pursuant to the Master Purchase Agreements in the event of the Parent's bankruptcy, it could affect the yield of the Series 2019-1 Notes.

Regardless of any specific adverse determinations in a bankruptcy case involving the Issuer, the fact that such a case has been commenced could also have an adverse effect on the liquidity and market value of the Series 2019-1 Notes.

The Parent may also be able to seek relief under Chapter 9 of the Bankruptcy Code. 11 U.S. Code Section 109(c) provides that an entity may be a debtor under Chapter 9 if it is a "municipality" and satisfies other criteria. 11 U.S. Code Section 101(40) defines a "municipality as a "political subdivision or public agency or instrumentality of a state." As the Parent is, pursuant to Conn. Gen. Stat. Section 16-245n(d)(1)(A), "established and created as a body politic and corporate, constituting a public instrumentality and political subdivision of the state of Connecticut", it might be eligible as a municipality.

However, among the additional requirements for filing under 11 U.S. Code Section 109(c) is that the municipality must be specifically authorized, in its capacity as a municipality or by name, to be a debtor under Chapter 9 by state law, or by a governmental officer or organization empowered by state law to authorize such entity to be a debtor under Chapter 9. Connecticut allows Chapter 9 filings by municipalities, but only with express written consent of the Governor. See Conn. Gen. Stat.§ 7-566. Chapter 9 also requires that the debtor be "insolvent," meaning for these purposes that the municipality is unable to satisfy its obligations as they come due or will be unable to satisfy its obligations as they come due. The municipality must "desire … to effect a plan to adjust [its] debts." 11 U.S.C. § 109(c)(4). Finally, the municipality must attempt to negotiate a debt readjustment plan with its creditors. In a Chapter 9 proceeding, the debtor must develop and gain judicial confirmation of a plan to restructure its obligations.

A bankruptcy filing by the Parent under Chapter 9 would have the same adverse effects on the Notes as described above, and it would also constitute an event of default under the Master Purchase Agreement. And, as the Parent is also the Manager, a filing under Chapter 9 could have a similar effect on the Management Agreement as described above. The occurrence of any of these events could result in delays or reductions in payments of the Series 2019-1 Notes. See "*The Manager*" and "*Description of the Management Agreement*" in this Offering Memorandum.

Bankruptcy of the Trustee May Adversely Affect Payments on the Series 2019-1 Notes

If any bankruptcy case with respect to the Trustee were to occur, such a case could result in delays in payments due on the Series 2019-1 Notes and, if a court were to accept any of the positions of a bankruptcy trustee or creditor of such party, it could result in a reduction of funds available for payment on the Series 2019-1 Notes, in addition to delays in payment.

Uncertainty of Projected Cash Flows and Average Life of the Series 2019-1 Notes

Commencing on the Payment Date occurring in June 2019, and subject to the availability of funds for such payment, a portion of the principal of a Class of Series 2019-1 Notes will be payable on each Payment Date in an amount equal to the Scheduled Principal Payment for such Class for such Payment Date. Failure on the part of the Issuer to pay the full Scheduled Principal Payment for any Class on any Payment Date, other than the Stated Maturity Date, will not constitute an Event of Default or otherwise provide the Series 2019-1 Noteholders (or the Trustee on behalf of the Series 2019-1 Noteholders) any additional rights or remedies. The failure to pay any required Scheduled Principal Payments would tend to lengthen the weighted average life of each Class of Series 2019-1 Notes.

Under certain circumstances, the Parent may be required to replace or repurchase an Ineligible SHREC, in connection with such repurchase, deposit the Ineligible SHREC Deposit Amount in the Series 2019-1 Collection Account if there occurs a breach of any representation and warranty with respect to a SHREC that materially and adversely affects the value of such SHREC. There could be a delay in curing a potentially Ineligible SHREC if there is a dispute as to whether a

SHREC is an Ineligible SHREC. See "*Description of the Management Agreement*" in this Offering Memorandum. Such events could result in faster or slower collections on the SHRECs than if no such events occurred.

On any Business Day the Issuer can make an Optional Prepayment on the Series 2019-1 Notes, *provided* that any prepayment occurring prior to the Clean-Up Call Trigger Date must be accompanied by any applicable Prepayment Consideration and, if such prepayment occurs on any day other than a Payment Date, is accompanied by payment of interest that would have accrued on the amount prepaid through the last day of the then-current Interest Accrual Period. Furthermore, on any Payment Date after the Outstanding Note Balance has been reduced to less than 10% of the Aggregate Initial Note Balance, the Issuer may cause the early redemption of the Notes at the related Clean-Up Call Redemption Price. An exercise by the Issuer of either of these options could cause the Series 2019-1 Notes to be retired prior to the Stated Maturity Date.

Repayment of the full Outstanding Note Balance of the Notes may occur earlier or later than the Stated Maturity Date, or may never occur. Any reinvestment or extension risks resulting from a faster or slower rate of purchase of the related SHRECs will be borne by the Series 2019-1 Noteholders. No representation is made by the Issuer, the Manager, the Parent, the Trustee or the Initial Purchaser as to the anticipated redemption or sale rate of the SHRECs or as to the weighted average life of, or the yield on, the Series 2019-1 Notes.

Social and Economic Risks

The ability of the Utilities' customers who are generating SHRECs to keep systems operational may be affected by a variety of social and economic factors. Economic factors include interest rates, unemployment levels, upward adjustments in monthly mortgage payments, utility rate structures and the rate of inflation and consumer perceptions of economic conditions generally. Economic conditions may also be affected by localized natural disasters. The Issuer is unable to determine and has no basis to predict to what extent social or economic factors will affect the SHREC Assets and the Issuer's ability to make payments on the Series 2019-1 Notes.

Political and State Risks

The Parent is reliant on public sources of funding to maintain operations. These funding sources may be affected by a variety of political and economic factors. The Issuer is unable to determine and has no basis to predict to what extent political or economic factors will affect the Parent's ongoing operations.

Connecticut Green Bank's Residential Solar Investment Program is Scheduled to Expire for New Installation before the Close of 2019

Connecticut Green Bank currently acquires Solar Home Renewable Energy Credits (SHRECs) under the Residential Solar Investment Program (RSIP), before selling the SHRECs to the Utilities. The RSIP and SHREC program is set forth in Conn. Gen. Stat. Sec. 16-245ff. Under the program, the Green Bank acquires the SHRECs. The Green Bank then bundles all SHRECs into annual SHREC Tranches and sells them to the Utilities at a price that is established and fixed for the 15-year period for the respective SHREC Tranche. However, under Conn. Gen. Stat. Sec. 16-245ff, the RSIP was established to "support the deployment of not more than three hundred megawatts of new residential solar photovoltaic installations located in this state on or before (1) December 31, 2022, or (2) the deployment of three hundred megawatts of residential solar photovoltaic installation, in the aggregate, whichever occurs sooner." The Green Bank is currently predicting that 300MW will be deployed under the RSIP by October of 2019. Once the threshold is reached, the Green Bank will no longer be funding residential solar installations under 16-245ff and will no longer be acquiring SHRECs under the RSIP. However, if this occurs, the Green Bank will continue to obtain the SHRECs comprising the 2019-1 Collateral, as those SHRECs are generated from residential solar installations that pre-date any expiration of the RSIP.

Some Connecticut legislators have proposed adding another 100MW to the RSIP by legislative action. PURA has considered proposals to reduce the RSIP incentive payment amount, so that only more complex systems will have a sufficient financial incentive to deploy the dwindling supply of MWs remaining under the current RSIP. Any such discussions and proposals are currently nonbinding, and if nothing changes, after 300 MW of residential solar installations have been deployed under the RSIP, the Green Bank will no longer be funding residential solar installations under 16-245ff and will no longer be acquiring SHRECs. If this occurs, the Noteholders will not be able to rely upon any additional Series of Notes issued by the Issuer pursuant to the Indenture following the Closing Date, or any monies related thereto, as any additional Collateral for the Series 2019-1 Notes or as additional collections for payment of the Series 2019-1 Notes.

Nationally Recognized Statistical Rating Organizations May Assign Different Ratings to the Series 2019-1 Notes; Ratings of the Series 2019-1 Notes Reflect Only the Views of the Rating Agency as of the Dates Such Ratings Were Issued; Ratings May Affect ERISA Eligibility; Ratings May Be Downgraded

Ratings assigned to the Series 2019-1 Notes by the Nationally Recognized Statistical Rating Organization ("**NRSRO**") engaged by the Manager:

- are based on, among other things, the economic characteristics of the SHREC Assets and other relevant structural features of the transaction;
- do not represent any assessment of the yield to maturity that a Series 2019-1 Noteholder may experience;
- reflect only the views of the Rating Agency as of the date such ratings were issued;
- may be reviewed, revised, suspended, downgraded, qualified or withdrawn entirely by the applicable rating agency as a result of changes in or unavailability of information;
- may have been determined based on criteria that included an analysis of historical SHREC data that may not reflect future experience;
- may reflect assumptions by the Rating Agency regarding performance of the SHRECs that are not accurate; and
- do not consider to what extent the Series 2019-1 Notes will be subject to prepayment or that the outstanding principal amount of any class of Series 2019-1 Notes will be prepaid.

In addition, the rating of either Class of Series 2019-1 Notes below an investment grade rating by any NRSRO, whether upon initial issuance of such class of Series 2019-1 Notes or as a result of a ratings downgrade, could adversely affect the ability of an employee benefit plan or other investor to purchase or retain those Series 2019-1 Notes. See "*Certain ERISA Considerations*" and "*Legal Investment Considerations*" in this Offering Memorandum.

NRSROs that were not engaged by the Issuer to rate the Notes may nevertheless issue unsolicited credit ratings on one or more classes of Series 2019-1 Notes, relying on information they receive pursuant to Rule 17g-5 under the Securities Exchange Act of 1934, as amended, or otherwise. If any such unsolicited ratings are issued, we cannot assure you that they will not be different from any ratings assigned by a rating agency engaged by the Issuer. The issuance of unsolicited ratings by any NRSRO on a class of the Series 2019-1 Notes that are lower than ratings assigned by the Rating Agency engaged by the Issuer may adversely impact the liquidity, market value and regulatory characteristics of that class.

Furthermore, the SEC may determine that the Rating Agency no longer qualifies as a NRSRO, or is no longer qualified to rate the Series 2019-1 Notes, and that determination may also have an adverse effect on the liquidity, market value and regulatory characteristics of the Series 2019-1 Notes. To the extent that the provisions of any Transaction Document condition any action, event or circumstance on the satisfaction of the Rating Agency Condition, the Indenture will require satisfaction of the Rating Agency Condition only from the Rating Agency engaged by the Issuer to rate the Series 2019-1 Notes.

We are not obligated to maintain any particular rating with respect to the Series 2019-1 Notes, and the ratings initially assigned to the Series 2019-1 Notes by the Rating Agency could change adversely as a result of changes affecting, among other things, the SHRECs, the Utilities, the Issuer, the Parent, the Manager, the Trustee or another person or as a result of changes to ratings criteria employed by any or all of the Rating Agency. Although these changes would not necessarily be or result from an event of default on any Transaction Document, any adverse change to the ratings of the Series 2019-1 Notes would likely have an adverse effect on the market value, liquidity and/or regulatory characteristics of those Series 2019-1 Notes.

Further, certain actions provided for in Transaction Documents may require a Rating Agency Condition be satisfied from the Rating Agency as a precondition to taking such action. In certain circumstances, this condition may be deemed to have been met or waived without such a Rating Agency Condition being satisfied. In the event such an action is taken without a Rating Agency Condition being satisfied, we cannot assure you that the Rating Agency will not downgrade, qualify or withdraw its ratings as a result of the taking of such action. "**Rating Agency Condition**" means, with respect to any action taken or to be taken, that KBRA will have notified the Issuer and the Trustee in writing that such action will not result in a reduction, downgrade, suspension or withdrawal of the rating then assigned to the Series 2019-1 Notes.

State Tax Considerations

In addition to the federal income tax consequences described under the heading "*Certain United States Federal Income Tax Consequences*", potential purchasers should consider the state income tax consequences of the acquisition,

ownership and disposition of the Series 2019-1 Notes. State income tax laws may differ substantially from the corresponding federal law, and this Offering Memorandum does not purport to describe any aspects of the income tax law of the state or locality in which the Properties are located or of any other applicable state or locality.

It is possible that one or more jurisdictions may attempt to tax nonresident holders of Series 2019-1 Notes solely by reason of the location in that jurisdiction of the Issuer, the Parent, the Manager, the Trustee or a Utility or on some other basis, may require nonresident holders of Series 2019-1 Notes to file returns in such jurisdiction or may attempt to impose penalties for failure to file such returns; and it is possible that any such jurisdiction will ultimately succeed in collecting such taxes or penalties from nonresident holders of Series 2019-1 Notes. We cannot assure you that Noteholders will not be subject to tax in any particular state or local taxing jurisdiction.

If any tax or penalty is successfully asserted by any state or local taxing jurisdiction, no person will be obligated to indemnify or otherwise reimburse Series 2019-1 Noteholders for such tax or penalty. Potential investors in the Series 2019-1 Notes should consult their own tax advisors with respect to the various state and local tax consequences of an investment in the Series 2019-1 Notes.

Because of the variation in the tax laws of each state and locality, it is impossible to predict the tax classification of the trust or the tax consequences to the Issuer or to the holders of Series 2019-1 Notes in all of the state and local taxing jurisdictions in which they may be subject to tax. Prospective purchasers are encouraged to consult their tax advisors with respect to the state and local taxation of the trust and state and local tax consequences of the purchase, ownership and disposition of Notes.

Green Bond Status

Although Kestrel Verifiers has certified that the Series 2019-1 Notes are “Green Bonds”, this designation requires ongoing annual recertifications for as long as the Series 2019-1 Notes are outstanding. The purpose of designating the Series 2019-1 Notes as Green Bonds is to allow investors to invest directly in notes that finance environmentally beneficial projects. Although the Manager has agreed in the Management Agreement to include information in the Quarterly Manager Report regarding the SHREC Systems funded through the RSIP for the related Collection Period, if the Manager were to fail to provide the required continuing information at least annually, then the certification would likely be withdrawn. Other than an impact statement prepared by the Climate Action Reserve, no additional third-party approval, certification, verification or monitoring has been sought or is expected in connection with either the designation of the Series 2019-1 Notes as Green Bonds or the foregoing information to be provided in the Quarterly Manager Reports.

The purpose of the Series 2019-1 Notes is to fund Connecticut Green Bank’s cost recovery under the Residential Solar Investment Program (RSIP). Under the RSIP, Connecticut Green Bank acquires SHRECs before selling the SHRECs to the Utilities. The RSIP and SHREC program is set forth in Conn. Gen. Stat. Sec. 16-245ff. The RSIP was established to “support the deployment of not more than three hundred megawatts of new residential solar photovoltaic installations located in” Connecticut. Whether or not Connecticut Green Bank were to maintain the Series 2019-1 Notes as “Green Bonds”, Connecticut Green Bank is of the view that the statutory purpose of the Green Bank and the Series 2019-1 Notes would nonetheless serve the purpose of encouraging new residential solar photovoltaic installations. However, the Green Bank’s failure to maintain the Series 2019-1 Notes’ status as “Green Bonds” would prevent investors who are limited to investing in securities that have the designation “Green Bonds” from investing in them.

USE OF PROCEEDS

Issuer intends to use a portion of the proceeds from the issuance and sale of the Notes to pay the current secured indebtedness of Connecticut Green Bank in order to release the Series 2019-1 SHRECs from the related secured credit facility (the "**Warehouse Facility**"). Proceeds from the issuance and sale of the Notes will be used by the Issuer to (i) pay the Parent the Closing Date purchase price for the Initial SHRECs pursuant to the Sale and Contribution Agreement, (ii) pay certain expenses incurred in connection with the issuance of the Notes, (iii) to pay the current secured indebtedness of Connecticut Green Bank in order to release the Series 2019-1 Collateral from the related Warehouse Facility and (iv) to make initial deposits into the Series 2019-1 Liquidity Reserve Account. It is the Parent's intention to continue to finance future tranches of SHRECs (if any such future tranches of SHRECs are issued) with a continuation of the Warehouse Facility on an amended basis, or through one or more other secured credit facilities that are secured by, among other things, (i) SHREC receivables generated under the Master Purchase Agreements other than the Series 2019-1 SHRECs, and (ii) the Issuer's rights under the Master Purchase Agreement and the other Transaction Documents to which it is a party with respect to the SHRECs other than the Series 2019-1 SHRECs, and (iii) all proceeds of the foregoing.

THE COLLATERAL

As more fully described below, pursuant to Connecticut's Residential Solar Incentive Program ("**RSIP**"), the Green Bank provides incentives to homeowners and third-party system owners ("**TPOs**") to deploy residential photovoltaic ("**PV**") systems (each, a "**SHREC System**"). Pursuant to Public Act No. 16-212 and Public Act No. 15-194, the Green Bank is required to purchase a specific type of Renewable Energy Credit ("**REC**") called a "solar home renewable energy credit" and the related Environmental Attributes (as defined herein) (collectively, "**SHREC**") from the homeowners and TPOs receiving RSIP incentives and producing PV energy. The Green Bank is then required to sell such SHRECs to each of The Connecticut Light and Power Company d/b/a Eversource Energy ("**Eversource**") and The United Illuminating Company ("**United Illuminating**" and together with Eversource, each, a "**Utility**" and together, the "**Utilities**") pursuant to two 15-year contracts (each, a "**Master Purchase Agreement**" and together, the "**Master Purchase Agreements**"). The revenue received from the Utilities for SHRECs is referred to herein as "**SHREC Receivables**". Under each Master Purchase Agreement, SHRECs are divided into tranches based on the calendar year in which the related SHREC System was installed (a "**SHREC Tranche**"). Each SHREC Tranche has a specific SHREC purchase price, as further described herein. The SHRECs included in the Series 2019-1 Collateral will be SHRECs related to SHREC Systems that were aggregated into a tranche in 2017 ("**SHREC Tranche 1**") and SHRECs related to SHREC Systems that were aggregated into a tranche in 2018 ("**SHREC Tranche 2**").

The "**Series 2019-1 Collateral**" will consist of all assets of the Issuer that are designated as security for the Series 2019-1 Notes pursuant to the Indenture on and after the Closing Date, which will include (i) the SHREC Receivables in respect of SHRECs in SHREC Tranche 1 and SHREC Tranche 2 (each as defined below) on and after the close of business on March 14, 2019 (the "**Cut-off Date**") (such SHRECs a "**Series 2019-1 SHREC**"), (ii) all Series 2019-1 SHRECs (other than any Series 2019-1 SHRECs that are reassigned to the Parent as Ineligible SHRECs following the Closing Date), (iii) the Series 2019-1 Trust Accounts, (iv) the Series 2019-1 Issuer Lockbox Account, (v) the Issuer's rights under the Master Purchase Agreement and the other Transaction Documents to which it is a party, (vi) all of the Issuer's other accounts, chattel paper, commercial tort claims, deposit accounts, documents, general intangibles, goods, instruments, investment property, letter-of-credit rights, letters of credit, and money to the extent allocable to the other assets of the Issuer designated as security allocable to the Series 2019-1 Notes pursuant to the Indenture on and after the Closing Date, and (vii) all proceeds of the foregoing. The Series 2019-1 Collateral will be pledged to the Trustee on the Closing Date as security for the Series 2019-1 Notes. The Series 2019-1 Collateral will not be available as security for any additional Series of Notes issued by the Issuer pursuant to the Indenture following the Closing Date except to the extent monies related thereto are available pursuant to clause (x) of the Priority of Payments.

The Series 2019-1 SHRECs, any Additional SHRECs, the SHREC Receivables in respect of the Series 2019-1 SHRECs and any Additional SHRECs, all rights and obligations of the Parent relating to the Series 2019-1 SHRECs and SHREC Tranche 1 and SHREC Tranche 2 under the Master Purchase Agreements and all related assets are collectively referred to in this Offering Memorandum as the "**SHREC Assets**".

An "**Additional SHREC**" is a SHREC that is not already owned by the Issuer, provided that Additional SHRECs may only be acquired if the Parent represents and warrants to the Issuer that such Additional SHRECs are eligible for purchase under the Master Purchase Agreements.

All Additional SHRECs will be part of SHREC Tranches that are created after the Cut-off Date. The Issuer will be permitted to acquire all SHRECs eligible for purchase under the Master Purchaser Agreements. For the avoidance of doubt, no Additional SHRECs will be included in the Series 2019-1 Collateral.

The Manager will not have authority to direct the Issuer to acquire Additional SHRECs following a Manager Default. See "*Description of the Management Agreement*" herein.

Background Description of RSIP and SHRECs

RSIP is a direct financial incentive program for qualifying residential solar photovoltaic systems designed by the Green Bank in 2011 to comply with the directives of Public Act 11-80 of the Connecticut General Assembly to help meet Connecticut's Renewable Portfolio Standard goals and deploy 30 MW of new residential PV installation. RSIP was quickly oversubscribed, meeting the state's 30 MW deployment target in 2014, eight years ahead of schedule. As a result, the Connecticut General Assembly initiated a new deployment target of 300 MW by 2022 with the passage of Public Act 15-194.

Under RSIP, the Green Bank provides two types of incentives:

- Homeowners that own their own system are eligible for an Expected Performance Based Buydown ("**EPBB**") incentive as a $/W installed upfront cost reduction for system purchases;

- TPOs may receive a Performance-Based Incentive ("**PBI**") for systems leased to homeowners (or for systems whereby the electrical energy produced from such systems is sold to homeowners under a power purchase agreement) consisting of quarterly payments for 6 years based on actual system performance.

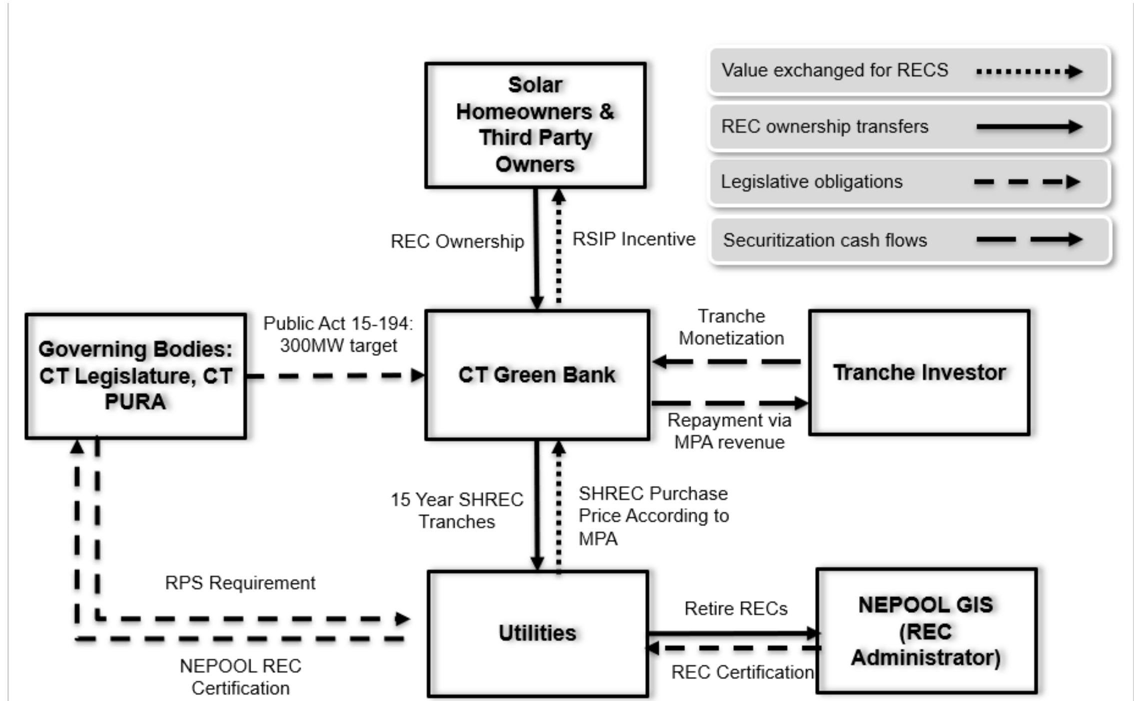
In exchange for providing the incentives described above, the Green Bank is assigned, in perpetuity, all rights, title and interest to SHRECs. To continue to meet Connecticut's demand for residential solar power and to fund RSIP, the Connecticut Legislature established the SHREC program to enable the Green Bank to easily and reliably monetize the stream of RECs generated from the systems that received incentives under RSIP.

SHREC Program

Under the SHREC program, the Utilities are statutorily mandated to enter into 15-year contracts with the Green Bank to purchase the SHREC Tranches generated by solar PV systems receiving the RSIP incentive. The agreement is governed by the Master Purchase Agreements, which were jointly filed with and approved by the Connecticut Public Utilities Regulatory Authority ("**CT PURA**"), whose approval included approval of the full cost recovery of the SHREC program (the "**CT PURA Order**"). Under the Master Purchase Agreements, if CT PURA ever fails to authorize or prohibits the Utilities' full cost recovery of these costs and fees, including all amounts paid for SHRECs, then each Utility may reduce its obligation to pay the Green Bank to the extent of CT PURA's failure to authorize such Utility's full cost recovery. See "*—The Master Purchase Agreements*" in this Offering Memorandum.

Each calendar year of newly installed solar PV systems constitutes a SHREC Tranche. The Utilities are obligated (by statute and the terms of the Master Purchase Agreements) to purchase each new SHREC Tranche for the 15-year delivery term of each SHREC Tranche, at a price fixed at the time the SHREC Tranche is sold to the Utilities. Under CT PURA Docket No. 16-05-07, CT PURA has guaranteed the Utilities cost recovery for the program via a statutorily-protected component of electric rates. Under the CT PURA Order referenced above, the CT PURA approved the Master Purchase Agreements for the purchase and sale of SHRECs and the CT PURA determined that the SHREC program costs will be recovered through a non-bypassable federally mandated congestion charge filed with CT PURA by each Utility.

A graphic explanation of the program structure is included below.



During installation of a SHREC System, qualified solar homeowners or TPOs apply for the RSIP incentive with the Green Bank. If the Green Bank determines that the system meets eligibility criteria, the Green Bank grants either an EPBB or PBI incentive to the applicant. In exchange, the Green Bank is assigned in perpetuity, all rights, title and interest in the SHRECs.

As further explained in "*The Collateral—The Master Purchase Agreements*" in this Offering Memorandum, the Green Bank will register SHRECs with NEPOOL GIS through their standard REC creation process, and once registered, these SHRECs will reside in the Green Bank's NEPOOL GIS account. The Green Bank will then transfer SHRECs to the Utilities via NEPOOL's Forward Certificate Transfer process at the price agreed upon in the Master Purchase Agreements. The Utilities are then required to transfer payment electronically to the Green Bank by the final business day of the month following the quarterly SHREC transfer (i.e., every quarter during the life of each SHREC Tranche as the RECs are produced quarterly by the related solar PV systems). As SHREC generation will occur quarterly, the stream of payments from the Utilities to the Green Bank will be quarterly as well.

The Master Purchase Agreements allow both the Green Bank and the Utilities to accomplish certain of the Connecticut Legislature's goals — specifically, the Green Bank's goal of 300 MW of residential solar deployment by 2022; and the Utilities' compliance with Connecticut's renewable portfolio standard (or "**RPS**") target.

Only residential solar PV systems with incentives from the Green Bank approved on or after January 1, 2015 are eligible for the SHREC program. As approximately 56 MW of residential solar PV were installed before January 1, 2015 under RSIP, the maximum amount of SHREC-eligible residential solar PV that can be deployed is approximately 244 MW.

The final element in the SHREC structure enables the Green Bank to monetize a SHREC Tranche with a SHREC Tranche investor or financing counterparty. The Master Purchase Agreements provide for collateral assignment of the revenue streams associated with SHREC generation without consent of the Utilities as it relates to financing the future revenue stream of the SHRECs. The SHREC statute and Master Purchase Agreements provide for these features specifically to allow the Green Bank to monetize the SHRECs' anticipated cash flow streams. Each Master Purchase Agreement requires the Green Bank to continue to perform its obligations under the applicable Master Purchase Agreement as the seller of SHRECs in the event of such collateral assignment. The Green Bank will pass on the revenue streams associated with each Master Purchase Agreement to the assignee. Each Master Purchase Agreement was amended to allow the Green Bank to assign its interests in such Master Purchase Agreement and/or payments under the Master Purchase Agreements to such affiliate or affiliates of the Green Bank for the purpose of effectuating a financing of cash flow streams.

The program automatically terminates at the earlier to occur of (x) 300 MW of CT residential solar PV deployment, or (y) December 31, 2022. Therefore, at most, six SHREC Tranches may be sold, and no new SHREC Tranches will be created for post-December 31, 2022 systems. However, each Utility's obligation to purchase SHRECs will continue with respect to each SHREC Tranche sold to the Utilities until each SHREC Tranche has run its 15-year course.

Description of SHRECs

Background and Legislative Authority for SHRECs

Two pieces of Connecticut State legislation—Public Act No. 16-212 and Public Act No. 15-194—granted the Green Bank the authority to create SHRECs. A SHREC is a unique type of REC that is generated only under the specific circumstances that are described in two 15-year contracts (each, a "**Master Purchase Agreement**" and together, the "**Master Purchase Agreements**") that were entered onto between Green Bank and each of the two investor-owned electricity distribution companies in Connecticut—The Connecticut Light and Power Company d/b/a Eversource Energy and The United Illuminating Company (each, a "**Utility**" and together, the "**Utilities**"). Connecticut legislation permitted the Green Bank to enter into the Master Purchase Agreements, which were approved by CT PURA. Under the Master Purchase Agreements, the Green Bank sells SHRECs to the Utilities for a price determined by the Green Bank.

Under each of the Master Purchase Agreements, the Green Bank aggregates RECs generated from solar PV systems participating in RSIP into SHREC Tranches and sells such SHREC Tranches to the Utilities at a fixed, predetermined price over each SHREC Tranche's 15-year term. To distinguish RECs generated under RSIP from residential solar PV systems awarded an incentive before January 1, 2015, RECs for qualifying residential solar PV systems awarded an incentive on or after January 1, 2015 are referred to as "SHRECs".

In addition to the related REC, a SHREC also represents the related Environmental Attributes. Pursuant to the Master Purchase Agreements, an "**Environmental Attribute**" excludes electric energy and capacity produced, but means any other emissions, air quality, or other environmental attribute, aspect, characteristic, claim, credit, benefit, reduction, offset or allowance, howsoever entitled or designated, resulting from, attributable to or associated with the generation of energy by a qualifying residential solar photovoltaic system as defined in Connecticut Public Act 15-194 and as amended by Connecticut Public Act I 6-212, whether existing as of the effective date of the Master Purchase Agreement or in the future, and whether as a result of any present or future local, state or federal laws or regulations or local, state, national or international voluntary program, as well as any and all generation attributes under the regulations promulgated pursuant to Conn. Gen. Stat. § l 6-245a, as amended, modified, restated and superseded from time to time, that require a minimum percentage of electricity sold to end-use customers in the State of Connecticut to be derived from certain renewable energy generating resources, regulations and under any and all other international, federal, regional, state or other law, rule, regulation, bylaw, treaty or other intergovernmental compact, decision, administrative decision, program (including any voluntary compliance or membership program), competitive market or business method (including all credits, certificates, benefits, and emission measurements, reductions, offsets and allowances related thereto) that are attributable, now or in the future; and further, means: (a) any such credits, certificates, benefits, offsets and allowances computed on the basis of the SHREC Project's generation using renewable teleology or displacement of fossil-fuel derived or other conventional energy generation; (b) any Certificates issued pursuant to the NEPOOL GIS in connection with energy generated by a SHREC Project; and (c) any voluntary emission reduction credits obtained or obtainable by the Green Bank in connection with the generation of energy by a SHREC Project; provided, however, that Environmental Attributes will not include: (i) any production tax credits; (ii) any investment tax credits or other tax credits associated with the construction or ownership of a SHREC System; or (iii) any state, federal or private grants relating to the construction or ownership of a SHREC System or the output thereof. If during the delivery period, a change in laws or regulations occurs that creates value in Environmental Attributes, then at the applicable Utility's request, the Green Bank will cooperate with such Utility to register such Environmental Attributes or take other action necessary to obtain the value of such Environmental Attributes for such Utility. The below list constitutes the definition of a SHREC generation system that qualifies as a "SHREC Project" under the Master Purchase Agreements:

- The Connecticut Public Utilities Regulatory Authority (or any successor thereto) ("**CT PURA**") has issued an order, decision or ruling that the system uses a Class I renewable energy source, as defined by Section 16-1(a)(20) of the Connecticut General Statute. (Solar PV systems are Class I renewable energy sources).

- The Green Bank provided an incentive for the installation of the system.

- The system emits no pollutants.

- The system's RSIP incentive was approved by Connecticut Green Bank on or after January 1, 2015.

- The system is installed on the customer-side of the revenue meter of a residential property that comprises at least one and no more than four family dwelling units.

- The system serves the distribution system of an electric distribution company (an "**EDC**").

In addition to the enabling legislation and qualification criteria described above, the following actions are taken by the Green Bank when creating SHRECs:

- The Green Bank reviews the design details of systems and concludes whether they qualify to receive incentives and will be eligible to produce SHRECs.

- The Green Bank mandates that the system is connected to a revenue grade meter, which transmits, on a continuous basis, electricity generation data to the Green Bank when the system starts producing electricity.

- The Green Bank applies to the CT PURA to obtain Class I certification for any system the Green Bank has designated as SHREC-eligible through a standardized batch process.

- SHREC-eligible systems with Class I certification are placed into SHREC Tranches. To create a SHREC Tranche, the Green Bank and the Utilities execute standardized Transaction Confirmations. The Transaction Confirmations contain system details including location, size (kW), and approval to energize date, and are appended to the Master Purchase Agreements.

- The Master Purchase Agreements allow the Green Bank to create SHREC Tranches on an annual basis with the final SHREC Tranche to be created no later than January 1, 2022.

- The Green Bank fixes the SHREC price related to a SHREC Tranche, which means that every SHREC generated by the solar PV systems in a particular SHREC Tranche will have a fixed price for a 15-year term. Two SHREC Tranches have been created to date, and the SHREC price is $50 / megawatt hour and $49 / megawatt hour for SHREC Tranche 1 and SHREC Tranche 2 respectively.

SHREC Creation

On a quarterly basis, the Green Bank downloads the electricity generation data from SHREC-eligible, tranched residential solar PV systems. The Green Bank accesses the data via a web-hosted platform called Locus that receives generation data every 15 minutes from meters located on the platform.

To convert the downloaded electricity generation data to SHRECs, the Green Bank submits the data to the New England Power Pool Generation Information System ("**NEPOOL GIS**"). There is a time lag of one calendar quarter between when the electricity was generated and when the data is submitted to NEPOOL GIS and the SHRECs created:

Electricity generated (Calendar Quarter)	Green Bank submits electricity generation data to NEPOOL GIS (date)	SHRECs created by NEPOOL GIS (date)
1. (Jan 01-Mar 31)	Jul 10	Jul 15
2. (Apr 01-Jun 30)	Oct 10	Oct 15
3. (Jul 01-Sep 30)	Jan 10	Jan 15
4. (Oct 01-Dec 31)	Apr 10	Apr 15

NEPOOL GIS creates SHRECs on a one for one basis, i.e., one SHREC created for one megawatt hour of electricity generated.

Sale of SHRECs

On the day they are created, SHRECs are automatically transferred from the Green Bank's NEPOOL GIS account to the NEPOOL GIS accounts of the two Utilities. Under the terms of the Master Purchase Agreements, there is an 80%/20% split in this automatic transfer, with 80% of the SHRECs being transferred to Eversource's account and 20% to United Illuminating's account. Title to the SHRECs passes from the Green Bank to each respective Utility upon this transfer, and the Green Bank is able to invoice the Utilities for the sale.

The Green Bank issues invoices to the Utilities in the amount of the quantity of SHRECs sold, multiplied by the fixed price per SHREC, depending upon the SHREC Tranche from which the SHRECs were generated. Delivery of the SHRECs is deemed to occur upon the completion of the transfer and receipt of SHRECs via the NEPOOL GIS to the NEPOOL GIS account designated by each Utility. On or before the 15th day following the end of each SHREC creation month, the Green Bank is required to render to each Utility an invoice for the payment obligations incurred during the preceding month, based on the SHRECs delivered by the Green Bank in the preceding month to such Utility's NEPOOL GIS account. Payment from the Utilities is due on the last business day of the month following the month during which such SHRECs were delivered.

The Master Purchase Agreements

The following is a summary of the terms of the Master Purchase Agreements, as amended and in effect (the "**Master Purchase Agreements**") between the Green Bank and each of the Utilities.

Each Utility's Percentage Entitlement

Eversource is required to purchase 80% of the SHRECs created within each SHREC Tranche; and United Illuminating is required to purchase 20% of the SHRECs created within each SHREC Tranche. Eversource and United Illuminating (collectively, the "**Utilities**" and as to either, a "**Utility**") are severally liable under their respective Master Purchase Agreements: Eversource, for example, is not required to purchase the remaining 20% of SHRECs set aside for United Illuminating in the event United Illuminating is unable to purchase its 20% percentage entitlement; and United Illuminating is not required to purchase the remaining 80% of SHRECs set aside for Eversource.

Effective Date

The effective date of the Master Purchase Agreements (the "**Master Purchase Agreement Effective Date**") was February 7, 2017.

Product Purchased Under Master Purchase Agreements: SHRECs

The product purchased under the Master Purchase Agreements is SHRECs, each representing one MWh of solar electricity generated on or after January 1, 2015 and qualifying for Connecticut Class I REC status. Individual SHRECs will be aggregated into SHREC Tranches.

SHREC Tranche Purchase Price

The purchase price agreed upon on a per SHREC basis for a particular SHREC Tranche is the "**SHREC Tranche Purchase Price**". The SHREC Tranche Purchase Price for SHREC Tranche 1 is $50.00 per SHREC as of the Master Purchase Agreement Effective Date and may be different for each subsequent SHREC Tranche, declining commensurate with RSIP as applicable. The SHREC Tranche Purchase Price is capped at the lesser of (i) small Zero Emissions Renewable Energy Credit (ZREC) prices for the preceding year; and ii) the price of the alternative compliance payment pursuant to Conn. Gen. Stat. Section 16-425(k) less five dollars (which amounts to $50). The SHREC Tranche Purchase Price for SHREC Tranche 2 is $49.00 per SHREC.

Term

The Utilities' obligation to enter into Master Purchase Agreements commenced on the Master Purchase Agreement Effective Date and will expire at the earlier to occur of (a) the date that 255.4 MW of aggregate SHREC Projects (the Energy Act's 300MW target less the amount of projects approved for incentives under the RSIP prior to 2015) are approved under the RSIP program on and after January 1, 2015; and (b) December 31, 2022.

SHREC Project

For purposes of the Master Purchase Agreements, a qualifying SHREC project (a "**SHREC Project**") is a residential solar photovoltaic system, that satisfies the criteria listed for a SHREC Project. See "*Collateral*" and "*Description of SHRECs*" in this Offering Memorandum.

Creating and Defining a "SHREC Tranche"

The Master Purchase Agreements define a SHREC Tranche by identifying the SHREC Projects that generate SHRECs during the 12 calendar months commencing on January 1st of a particular year. For any given year, all SHRECs that are generated by SHREC Projects that have not been included in a prior SHREC Tranche and that start producing SHRECs in time to be included in the specified year's trading period for first quarter generation, will constitute a "SHREC Tranche" for that year. For example, the 2017 SHREC Tranche will include all SHRECs with a NEPOOL creation date of July 15, 2017. The same SHREC Tranche will also include all SHRECs generated by the associated systems for 15 years thereafter. In the example above, the 15-year period begins on January 1, 2017 and obligates the Utilities to purchase the SHRECs generated after January 1, 2017 by each of the SHREC Projects included in the 2017 SHREC Tranche.

Both the Utilities and the Parent are required to execute a SHREC Tranche confirmation that details, as to each SHREC Tranche, the SHREC Projects included in the SHREC Tranche, the aggregate capacity of such projects, the SHREC Tranche delivery term start date, and the SHREC Tranche Purchase Price.

SHREC Creation Process

Under Rule 2.1 of the NEPOOL GIS Operating Rules, RECs are created quarterly on the 15th day of the calendar quarter that is the second calendar quarter following the calendar quarter in which the energy associated with a certificate was generated. For example, certificates from energy generation occurring in the first quarter of a calendar year will be created on July 15th of the same year. Under Rule 3.2 of the NEPOOL GIS Operating Rules, other than trading occurring under forward certificate transfers described below, each REC is transferrable from its creation date through 15 days prior to the end of its creation date quarter. From the above example, such RECs would be eligible for trades from July 15th through September 15th.

The NEPOOL GIS allows an owner to schedule SHREC transfers in advance of their creation date, under the "forward certificate transfers" process. After being scheduled in advance, the trade is completed during the trading period defined above. The Green Bank intends to execute the majority of its trades via forward certificate transfer.

SHREC projects must be located behind the meter of a distribution customer of one of the two investor owned electric distribution companies (i.e., the Utilities) in Connecticut. Each SHREC Project must have a separate meter dedicated to SHREC measurement, the "**REC Meter**".

Green Bank's Obligations Regarding SHRECs

The Green Bank, as the seller of the SHRECs, is obligated to undertake the following, pursuant to the Master Purchase Agreements:

- The Green Bank will sell and deliver Utility's applicable percentage entitlement of the SHRECs for a particular SHREC Tranche;
- The Green Bank will sell to the Utility all SHRECs generated by a particular SHREC Tranche's SHREC Projects beyond the 15-year term of the Master Purchase Agreements at no cost, for as long as a SHREC Project continues to generate SHRECs;
- The Green Bank will not transfer or assign SHRECs to anyone other than a Utility, except as specified in Section 9.2 of the applicable Master Purchase Agreement (which is discussed in the following section of this Offering Memorandum);
- The Green Bank will comply with all NEPOOL GIS operating rules, and maintain accounts required to store and deliver SHRECs with NEPOOL GIS and ISO-New England (the independent system operator (ISO) that is an independent not-for-profit regional transmission organization overseeing the New England region's bulk electric power system and transmission lines, which includes the states of Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island and Vermont and parts of New York and Canada);
- The Green Bank will verify of all pre-requisites to sale; and
- The Green Bank will provide the Utility with any necessary information and support to achieve regulatory and corporate approvals; however, the Green Bank shall not incur costs in excess of $100,000 per year to support this effort, unless the Utility agrees in writing to reimburse the Green Bank for an agreed-upon portion of the costs.
- The Green Bank will warrant upon delivery that title to any and all of the SHRECs delivered to the Utility are delivered free and clear of any encumbrances. Upon delivery, the Green Bank will represent and warrant to the Utility that it has sold the SHRECs exclusively to such Utility and such SHRECs have not expired.

Green Bank Collateral Assignment Rights (Section 9.2 and First Amendment)

The Green Bank has the right to collaterally assign, mortgage, pledge, grant security interests, or otherwise encumber its rights and obligations (including but not limited to the right to receive payments) in the Master Purchase Agreements to any lender in connection with a financing only pursuant to Section 9.2 of the applicable Master Purchase Agreement. Additionally, each of the initial Master Purchase Agreements between the Green Bank and each of the Utilities, respectively, was amended by a First Amendment to Master Purchase Agreement made effective July 30, 2018 to enable the Green Bank to assign its interests in such Master Purchase Agreement including the income stream associated with the SHRECs, to an affiliate or affiliates of the Green Bank for the purpose of effectuating a monetization of the SHREC cash flow streams.

Utilities' Obligations

Each of the Utilities is obligated to undertake the following pursuant to the applicable Master Purchase Agreement:

- The Utility will purchase and receive its applicable percentage entitlement of the SHRECs for a particular SHREC Tranche; and

- The Utility will consent to the Green Bank's obtaining financing secured by all payments made by the Utility to the Green Bank under the Master Purchase Agreements.

Each Utility agrees that in an event of default, the Green Bank's collateral assignee (here, the Issuer) will be entitled to exercise rights and remedies of Green Bank. Each Utility agrees that the collateral assignee will have the right but not the obligation to cure any default on the part of the Green Bank, unless the assignee has succeeded to the Green Bank's obligations under the Master Purchase Agreements. Each Utility agrees to execute any consents to assignment and provide a written acknowledgement within twenty days of written request.

Utility SHREC Utilization Rights

Each Utility has the right to utilize, resell or convey SHRECs at its sole discretion. If the statutory and regulatory framework governing SHRECs is amended or suspended following SHREC Tranche confirmation, such Utility may choose to qualify SHREC Projects in another state or federal program.

Delivery and Title Transfer; Payment for SHRECs

Delivery under the Master Purchase Agreement occurs when transfer and receipt via NEPOOL GIS to the account maintained by the applicable Utility is complete. The Green Bank will effect the transfer to the applicable Utility's account via a forward certificate transfer, and upon such Utility's receipt, all rights, title and interest in SHRECs will transfer to such Utility.

Payment for SHRECs delivered is due on the last business day of the month following the month during which such SHRECs were delivered. The Green Bank is required to render an invoice to each Utility by the 15th day of the month following the SHREC delivery month.

Any late payments under the Master Purchase Agreements will accrue interest at a rate equal to the interest rate as set forth in the weekly statistical release designated as H.15(519), or any successor publication, published by the Board of Governors of the Federal Reserve System.

If a party disputes a payment obligation, the disputing party must notify the other in writing and will to withhold payment pending resolution of the dispute. Withheld amounts will accrue interest in the same manner as late payments on any amounts determined to have been properly billed. If a Utility seeks clarification from the CT PURA on uses or cost recovery methods for SHRECs, interest will not accrue during the period pending clarification. There will be a 24-month statute of limitations on new disputes for any particular payment. Interest on late payments will bear interest from and including the due date and will be calculated at the current date's Federal Funds Effective Rate.

Prerequisites for Purchase

A Utility's obligation to purchase SHRECs for any particular SHREC Tranche is contingent upon satisfaction of all of the following conditions:

- such Utility has received a final decision of approval from the CT PURA, as well as the Utility's corporate approval, of the Master Purchase Agreement (both of which have already been obtained);

- SHREC Tranche confirmations have been executed (such confirmations have been delivered with respect to SHREC Tranche 1 and SHREC Tranche 2); and

- the Green Bank has provided and such Utility has accepted a notice certifying (a) that generation associated with creation of SHRECs has begun prior to the Tranche Delivery Term Start Date; and (b) the amount of the Tranche Purchase Price; and (c) that each SHREC Project, as constructed, satisfies the criteria listed for a SHREC Project; and (d) the Green Bank has satisfied its obligations set forth in this Agreement necessary to complete the delivery of such SHRECs to such Utility (which notice has been provided by the Green Bank and accepted by each such Utility with respect to SHREC Tranche 1 and SHREC Tranche 2).

Failure to Obtain Regulatory Approval

The Master Purchase Agreements have already received final approval from the CT PURA under Docket No. 16-05-07. If for any reason the CT PURA were to reopen Docket No. 16-05-07 and the CT PURA were to make a decision that invalidates a provision of the Master Purchase Agreement, other than one that impacts the transfer of SHRECs or the applicable Utility cost recovery, (a) the remaining provisions of the Master Purchase Agreement will remain in full force and effect; and (b) the applicable Utility and the Green Bank will endeavor in good faith to replace the invalid provisions with provisions that preserve the economic effects and fundamental rights of the parties under the Master Purchase Agreement.

Events of Default and Remedies under the Master Purchase Agreements

An event of default under the Master Purchase Agreement has occurred when:

- A party breaches any of its obligations and (a) does not cure the breach within ten (10) business days of written notice from the non-breaching party, or (b) does not cure the breach within twenty (20) business days after notice, following a ten-day extension for diligent work; or

- A representation or warranty made by a party proves false in any material respect; or

- A party becomes bankrupt.

Upon the occurrence of an event of default under a Master Purchase Agreement, the non-defaulting party may do any one or more of the following:

- Pursue rights and remedies as may be available in law and equity;

- Withhold any payments due in respect of the Master Purchase Agreement up to the extent of its damages;

- Terminate the Master Purchase Agreement, subject to the limitations of early termination (described in the following paragraph); and

- Suspend performance of its obligations with regards to transfer of SHRECs until such event of default is cured.

Each Utility agrees that it will not exercise any right to terminate or suspend the Master Purchase Agreement unless it has given the defaulting party (the Green Bank or its assignee) prior written notice of its intent and the defaulting party has not caused the defaulting condition to be cured within 15 days after the later of: (a) such Utility's notice, or (b) the expiration of the applicable periods of grace provided under the Master Purchase Agreement. If such default cannot be reasonably cured by the defaulting party within 15 days, the cure period will be extended for a reasonable period of time not to exceed 15 days (for an aggregate 30-day cure period).

Force Majeure Events

Under the Master Purchase Agreement, a "**Force Majeure Event**" means any event or circumstance which is beyond the control and without the fault or negligence of the party affected and which by the exercise of reasonable diligence the Party affected was unable to prevent, provided that such events or circumstances shall be limited to a list of circumstances. "Force Majeure Events" are defined to include, generally: (1) Political instability events such as riot, war, compulsory acquisition or acts of terrorism; (2) Ionizing events such as contact with nuclear waste or radiation; (3) Natural disasters such as earthquakes or fires; and (4) Strikes or industrial disputes.

"Force Majeure Events" are defined not to include any of the following events: (1) Curtailment arising from mechanical or equipment failure attributable to wear and tear; (2) Financial hardship, including events that merely increase cost to one of the parties; (3) the Green Bank's ability to sell SHRECs at a price greater than the SHREC Tranche Purchase Price that has been established; or (4) a Utility's ability to purchase SHRECs at a price lower than the SHREC Tranche Purchase Price. In addition, a delay or inability to perform due to a party's lack of preparation for a known risk or condition to satisfy its obligations, a party's failure to timely obtain and maintain all necessary permits or approvals (excepting the regulatory approval necessary for entering into the Master Purchase Agreements) or qualifications, or a failure to satisfy contractual conditions or commitments, shall each not constitute a Force Majeure or be the basis for a claim of Force Majeure under the Master Purchase Agreements.

The implication of the Force Majeure definition in the Master Purchase Agreements is that it permits a party to be excused from or permitted a delay in performance of one or more of its obligations under the Master Purchase Agreements.

Governing Law

The Master Purchase Agreements are interpreted and governed by the laws of the State of Connecticut.

Series 2019-1 Collateral

SHREC Tranche 1, with a SHREC Tranche Delivery Term Start Date (as defined in the Master Purchase Agreements) of January 1, 2017, consists of 6,788[1] active SHREC Systems representing a total "nameplate" capacity of 49.10 MW and was executed by the Green Bank and the Utilities as of July 1, 2017. The Issuer expects these systems to generate roughly 48.66 GWh of electricity in 2018. Taking into account an annual rate of degradation of one-half percent and a SHREC Tranche Purchase Price (as defined in the Master Purchase Agreement) of $50/MWh, the Green Bank projects gross SHREC revenues of 33.0 million over the remaining 14-year term of SHREC Tranche 1.[2] The aggregation of these SHREC Systems in the first SHREC Tranche was approved by PURA in May of 2017 through Docket Nos. 16-08-45, 17-03-37, 17-03-38, 17-03¬39, 17-03-40, and 17-03-41.

SHREC Tranche 2, with a SHREC Tranche Delivery Term Start Date (as defined in the Master Purchase Agreements) of January 1, 2018 consists of 7,250 active SHREC Systems representing a total "nameplate" capacity of 59.75 MW and was executed by the Green Bank and the Utilities as of July 15, 2018. The Issuer expects these systems to generate roughly 60.83 GWh of electricity in 2018. Taking into account an annual rate of degradation of one-half percent and a SHREC Tranche Purchase Price (as defined in the Master Purchase Agreement) of $49/MWh, the Green Bank projects gross SHREC revenues of $43.2 million over the 15-year term of SHREC Tranche 2.[3] The aggregation of these SHREC Systems in SHREC Tranche 2 was approved by PURA in May of 2017 through Docket Nos. 17-10-21, 17-10-22, 17-10-23, 17-10-24, 17-10-25, 17-10-26, 17-10-27, 17-10-28, 17-10-29, 18-03-41, 18-03-42, 18-03-43, 18-03-44, 18-03-45, 18-03-46, 18-03-47, 18-03-48, 18-03-49, 18-03-50, 18-03-51, and 18-03-40.

The Series 2019-1 Collateral has the following characteristics as set forth on the following pages as of the date of this document (and Discounted SHREC Asset Balance, Remaining Term, and Panel Age are as of the Cut-Off Date):

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[1] This number diverges from the total number of SHREC Systems initiated under the Master Purchase Agreements due to cancelled/decommissioned SHREC Systems.

[2] These figures are estimates of production only, and no guarantee of future performance is offered, granted, suggested or implied.

[3] These figures are estimates of production only, and no guarantee of ultimate performance is offered, granted, suggested or implied.

Summary

Summary Statistics	SHREC Tranche 1	SHREC Tranche 2	Total
Number of PV Systems	6,788	7,250	14,038
Aggregate Discounted SHREC Asset Balance*	$20,130,435	$25,751,231	$45,881,666
Total SHREC Asset Value	$30,902,350	$40,672,646	$71,574,996
Average Discounted SHREC Asset Balance	$2,966	$3,552	$3,268
Range of Discounted SHREC Asset Balance	$336 to $10,354	$337 to $15,707	$336 to $15,707
Aggregate PV System Size (kW DC)	49,102	59,747	108,849
Average PV System Size (kW DC)	7.23	8.24	7.75
Range of PV System Size (kW DC)	1.40 to 21.73	1.08 to 31.05	1.08 to 31.05
Non-Zero Weighted Average Credit Score (weighted by Discounted SHREC Asset Balance)	749	750	749
Range of Non-Zero Credit Score	447 to 850	458 to 850	447 to 850
Original Term (months, weighted by Discounted SHREC Asset Balance)	180	180	180
Remaining Term (months, weighted by Discounted SHREC Asset Balance)	154	166	160
Weighted Average Panel Age (months, weighted by Discounted SHREC Asset Balance)	38	27	32
Third Party Owned (% by Discounted SHREC Asset Balance)	90.16%	69.60%	78.62%
Homeowner (% by Discounted SHREC Asset Balance)	9.84%	30.40%	21.38%
Eversource Energy Grid Connection (% by Discounted SHREC Asset Balance)	73.96%	76.66%	75.48%
United Illuminating Grid Connection (% by Discounted SHREC Asset Balance)	26.04%	23.34%	24.52%

**Assumes an annual discount rate of 7.00% discounting the quarterly estimated SHREC asset value starting on the first quarterly collection period following the Cut-Off Date.*

Distribution of the PV Systems by Panel Manufacturer

Panel Manufacturer	Number of PV Systems	Percentage of PV Systems	Aggregate Discounted SHREC Asset Balance*	Percentage of Aggregate Discounted SHREC Asset Balance	Total SHREC Asset Value	Percentage of Total SHREC Asset Value
Trina Solar	5,295	37.72%	$16,248,283	35.41%	$25,251,493	35.28%
LG Electronics Solar Cell Division	1,491	10.62%	$5,746,037	12.52%	$9,004,493	12.58%
Canadian Solar	1,621	11.55%	$5,039,814	10.98%	$7,838,454	10.95%
REC Solar	926	6.60%	$2,830,899	6.17%	$4,412,631	6.17%
Hyundai Heavy Industries	811	5.78%	$2,751,101	6.00%	$4,280,159	5.98%
SunPower	600	4.27%	$2,654,729	5.79%	$4,170,724	5.83%
Hanwha Q-Cells	772	5.50%	$2,485,962	5.42%	$3,887,853	5.43%
Silfab	802	5.71%	$2,410,003	5.25%	$3,785,692	5.29%
Jinko Solar	657	4.68%	$2,121,518	4.62%	$3,338,472	4.66%
Kyocera Solar	220	1.57%	$816,857	1.78%	$1,261,863	1.76%
SolarWorld	204	1.45%	$752,884	1.64%	$1,179,009	1.65%
JA Solar Holding	120	0.85%	$358,349	0.78%	$566,273	0.79%
Yingli Energy (China)	126	0.90%	$341,247	0.74%	$527,059	0.74%
Centrosolar America	78	0.56%	$315,198	0.69%	$494,368	0.69%
Renesola America	80	0.57%	$248,003	0.54%	$383,787	0.54%
Suniva	42	0.30%	$159,482	0.35%	$249,729	0.35%
Recom	49	0.35%	$156,156	0.34%	$246,556	0.34%
Ecosolargy	32	0.23%	$96,846	0.21%	$152,920	0.21%
Sun Edison	31	0.22%	$77,675	0.17%	$120,615	0.17%
Mitsubishi Electric	24	0.17%	$75,142	0.16%	$116,550	0.16%
Axitec	12	0.09%	$44,416	0.10%	$70,132	0.10%
Phono Solar Technology	13	0.09%	$34,609	0.08%	$54,016	0.08%

Panel Manufacturer	Number of PV Systems	Percentage of PV Systems	Aggregate Discounted SHREC Asset Balance*	Percentage of Aggregate Discounted SHREC Asset Balance	Total SHREC Asset Value	Percentage of Total SHREC Asset Value
Panasonic Group SANYO Electric	7	0.05%	$31,277	0.07%	$49,387	0.07%
WINAICO	8	0.06%	$29,446	0.06%	$46,166	0.06%
ET Solar Industry	5	0.04%	$17,499	0.04%	$26,840	0.04%
Silevo	4	0.03%	$11,034	0.02%	$17,351	0.02%
SolarCity	1	0.01%	$7,900	0.02%	$12,478	0.02%
AU Optronics	1	0.01%	$6,645	0.01%	$10,192	0.01%
Lumos	1	0.01%	$2,602	0.01%	$4,111	0.01%
Global Solar Energy	1	0.01%	$2,526	0.01%	$3,876	0.01%
Renesola Jiangsu	1	0.01%	$2,393	0.01%	$3,677	0.01%
Dow Chemical	1	0.01%	$2,163	0.00%	$3,419	0.00%
Conergy	1	0.01%	$2,102	0.00%	$3,316	0.00%
CertainTeed	1	0.01%	$869	0.00%	$1,335	0.00%
Total	**14,038**	**100.00%**	**$45,881,666**	**100.00%**	**$71,574,996**	**100.00%**

**Assumes an annual discount rate of 7.00% discounting the quarterly estimated SHREC asset value starting on the first quarterly collection period following the Cut-Off Date.*

Distribution of the PV Systems by Inverter Manufacturer

Inverter Manufacturer	Number of PV Systems	Percentage of PV Systems	Aggregate Discounted SHREC Asset Balance*	Percentage of Aggregate Discounted SHREC Asset Balance	Total SHREC Asset Value	Percentage of Total SHREC Asset Value
SolarEdge Technologies	7,028	50.06%	$22,961,078	50.04%	$35,933,905	50.20%
Enphase Energy	2,981	21.24%	$9,701,933	21.15%	$15,144,310	21.16%
ABB	2,780	19.80%	$8,191,161	17.85%	$12,642,944	17.66%
SMA America	544	3.88%	$2,108,963	4.60%	$3,292,595	4.60%
SunPower	395	2.81%	$1,771,043	3.86%	$2,784,355	3.89%
Fronius USA	271	1.93%	$1,002,069	2.18%	$1,548,433	2.16%
Delta Electronics	18	0.13%	$62,763	0.14%	$99,121	0.14%
Power-One	6	0.04%	$20,919	0.05%	$32,273	0.05%
Solectria Renewables	4	0.03%	$19,378	0.04%	$30,268	0.04%
Ningbo Ginlong Technologies	4	0.03%	$14,251	0.03%	$22,501	0.03%
SMA Solar Technology	2	0.01%	$10,836	0.02%	$17,110	0.02%
SolarCity	1	0.01%	$6,393	0.01%	$10,092	0.01%
LG Electronics Solar Cell Division	1	0.01%	$3,813	0.01%	$6,020	0.01%
Schneider Electric Solar Inverters USA	1	0.01%	$2,810	0.01%	$4,436	0.01%
Altenergy Power System	1	0.01%	$2,391	0.01%	$3,772	0.01%
OutBack Power Systems	1	0.01%	$1,865	0.00%	$2,859	0.00%
Total	**14,038**	**100.00%**	**$45,881,666**	**100.00%**	**$71,574,996**	**100.00%**

**Assumes an annual discount rate of 7.00% discounting the quarterly estimated SHREC asset value starting on the first quarterly collection period following the Cut-Off Date.*

Distribution of the PV Systems by Installer

Installer (Top 10)	Number of PV Systems	Percentage of PV Systems	Aggregate Discounted SHREC Asset Balance*	Percentage of Aggregate Discounted SHREC Asset Balance	Total SHREC Asset Value	Percentage of Total SHREC Asset Value
Trinity Solar	3,851	27.43%	$13,163,336	28.69%	$20,650,231	28.85%
SolarCity	3,859	27.49%	$10,943,725	23.85%	$16,908,230	23.62%
Sunrun	1,111	7.91%	$3,423,980	7.46%	$5,345,446	7.47%
Roof Diagnostics Solar and Electric of CT	738	5.26%	$2,135,819	4.66%	$3,313,618	4.63%
PosiGen	731	5.21%	$2,079,201	4.53%	$3,255,191	4.55%
C-Tec Solar	484	3.45%	$1,971,239	4.30%	$3,082,846	4.31%
Vivint Solar	496	3.53%	$1,538,530	3.35%	$2,429,166	3.39%
Sungevity	442	3.15%	$1,442,612	3.14%	$2,227,696	3.11%
Ross Solar	316	2.25%	$1,399,079	3.05%	$2,204,197	3.08%
Earthlight Technologies	270	1.92%	$1,156,684	2.52%	$1,815,677	2.54%
Other	1,740	12.39%	$6,627,459	14.44%	$10,342,696	14.45%
Total	**14,038**	**100.00%**	**$45,881,666**	**100.00%**	**$71,574,996**	**100.00%**

**Assumes an annual discount rate of 7.00% discounting the quarterly estimated SHREC asset value starting on the first quarterly collection period following the Cut-Off Date.*

Distribution of the PV Systems by Ownership

Owner	Number of PV Systems	Percentage of PV Systems	Aggregate Discounted SHREC Asset Balance*	Percentage of Aggregate Discounted SHREC Asset Balance	Total SHREC Asset Value	Percentage of Total SHREC Asset Value
Third Party Owned	11,494	81.88%	$36,071,560	78.62%	$56,172,896	78.48%
Homeowner	2,544	18.12%	$9,810,105	21.38%	$15,402,100	21.52%
Total	**14,038**	**100.00%**	**$45,881,666**	**100.00%**	**$71,574,996**	**100.00%**

**Assumes an annual discount rate of 7.00% discounting the quarterly estimated SHREC asset value starting on the first quarterly collection period following the Cut-Off Date.*

Distribution of the PV Systems by Detailed Ownership

Owner	Number of PV Systems	Percentage of PV Systems	Aggregate Discounted SHREC Asset Balance*	Percentage of Aggregate Discounted SHREC Asset Balance	Total SHREC Asset Value	Percentage of Total SHREC Asset Value
Sunrun	3,361	23.94%	$10,920,395	23.80%	$17,114,584	23.91%
SolarCity	3,669	26.14%	$10,361,819	22.58%	$15,990,028	22.34%
Sunnova	1,135	8.09%	$3,881,286	8.46%	$6,075,133	8.49%
CT Solar Lease II	692	4.93%	$2,465,086	5.37%	$3,821,606	5.34%
NRG Residential Solar Solutions	730	5.20%	$2,111,225	4.60%	$3,275,443	4.58%
OneRoof Energy	455	3.24%	$1,696,309	3.70%	$2,636,880	3.68%
PosiGen	569	4.05%	$1,626,607	3.55%	$2,560,419	3.58%
Vivint Solar Developer	321	2.29%	$1,005,833	2.19%	$1,588,085	2.22%
SunPower	173	1.23%	$811,749	1.77%	$1,274,743	1.78%
Sunlight Power My Home III	160	1.14%	$445,753	0.97%	$684,115	0.96%
Sungevity	53	0.38%	$167,159	0.36%	$256,544	0.36%
Direct Energy Solar	34	0.24%	$142,380	0.31%	$218,476	0.31%
Kilowatt Systems	40	0.28%	$128,775	0.28%	$202,941	0.28%
ORE F4 Project Co	31	0.22%	$97,041	0.21%	$148,967	0.21%
NVT Licences	29	0.21%	$73,399	0.16%	$113,947	0.16%
Astrum Solar	18	0.13%	$70,097	0.15%	$107,576	0.15%
ORE Developer Corporate Entity	15	0.11%	$39,238	0.09%	$60,262	0.08%
Spruce Financial	4	0.03%	$12,417	0.03%	$19,603	0.03%
Kinaole Hawaii Kai Solar	4	0.03%	$12,182	0.03%	$19,228	0.03%
ORE F5 Project Co	1	0.01%	$2,813	0.01%	$4,315	0.01%
Homeowner	2,544	18.12%	$9,810,105	21.38%	$15,402,100	21.52%
Total	**14,038**	**100.00%**	**$45,881,666**	**100.00%**	**$71,574,996**	**100.00%**

**Assumes an annual discount rate of 7.00% discounting the quarterly estimated SHREC asset value starting on the first quarterly collection period following the Cut-Off Date.*

Distribution of the PV Systems by Commercial Operation Year

Commercial Operation Year	Number of PV Systems	Percentage of PV Systems	Aggregate Discounted SHREC Asset Balance*	Percentage of Aggregate Discounted SHREC Asset Balance	Total SHREC Asset Value	Percentage of Total SHREC Asset Value
2015	4,283	30.51%	$13,216,322	28.81%	$20,467,749	28.60%
2016	5,891	41.96%	$19,383,636	42.25%	$30,129,625	42.10%
2017	3,464	24.68%	$11,762,650	25.64%	$18,578,841	25.96%
2018	400	2.85%	$1,519,059	3.31%	$2,398,781	3.35%
Total	**14,038**	**100.00%**	**$45,881,666**	**100.00%**	**$71,574,996**	**100.00%**

**Assumes an annual discount rate of 7.00% discounting the quarterly estimated SHREC asset value starting on the first quarterly collection period following the Cut-Off Date.*

Distribution of the PV Systems by Utility Company Connection to Grid

Utility Company	Number of PV Systems	Percentage of PV Systems	Aggregate Discounted SHREC Asset Balance*	Percentage of Aggregate Discounted SHREC Asset Balance	Total SHREC Asset Value	Percentage of Total SHREC Asset Value
Eversource Energy	10,471	74.59%	$34,630,722	75.48%	$54,037,018	75.50%
United Illuminating	3,567	25.41%	$11,250,944	24.52%	$17,537,978	24.50%
Total	**14,038**	**100.00%**	**$45,881,666**	**100.00%**	**$71,574,996**	**100.00%**

**Assumes an annual discount rate of 7.00% discounting the quarterly estimated SHREC asset value starting on the first quarterly collection period following the Cut-Off Date.*

Distribution of the PV Systems by Credit Scores

Range of Credit Scores	Number of PV Systems	Percentage of PV Systems	Aggregate Discounted SHREC Asset Balance*	Percentage of Aggregate Discounted SHREC Asset Balance	Total SHREC Asset Value	Percentage of Total SHREC Asset Value
Credit Score Not Available	891	6.35%	$2,895,702	6.31%	$4,516,895	6.31%
Less than or equal to 599	736	5.24%	$2,261,038	4.93%	$3,524,393	4.92%
600 to 624	342	2.44%	$1,070,664	2.33%	$1,666,636	2.33%
625 to 649	512	3.65%	$1,633,287	3.56%	$2,550,325	3.56%
650 to 674	664	4.73%	$2,190,702	4.77%	$3,417,845	4.78%
675 to 699	879	6.26%	$2,802,974	6.11%	$4,375,151	6.11%
700 to 724	1,140	8.12%	$3,652,060	7.96%	$5,699,470	7.96%
725 to 749	1,299	9.25%	$4,273,801	9.31%	$6,663,321	9.31%
750 to 774	1,424	10.14%	$4,779,835	10.42%	$7,462,848	10.43%
775 to 799	1,834	13.06%	$6,047,044	13.18%	$9,434,172	13.18%
800 to 824	2,598	18.51%	$8,509,962	18.55%	$13,275,750	18.55%
825 to 850	1,719	12.25%	$5,764,598	12.56%	$8,988,191	12.56%
Total	**14,038**	**100.00%**	**$45,881,666**	**100.00%**	**$71,574,996**	**100.00%**

**Assumes an annual discount rate of 7.00% discounting the quarterly estimated SHREC asset value starting on the first quarterly collection period following the Cut-Off Date.*

Distribution of the PV Systems by Amount of Incentive

Range of RSIP Incentive	Number of PV Systems	Percentage of PV Systems	Aggregate Discounted SHREC Asset Balance*	Percentage of Aggregate Discounted SHREC Asset Balance	Total SHREC Asset Value	Percentage of Total SHREC Asset Value
Less than or equal to $999.99	532	3.79%	$671,309	1.46%	$1,051,641	1.47%
$1,000.00 to $1,999.99	3,996	28.47%	$8,809,095	19.20%	$13,756,241	19.22%
$2,000.00 to $2,999.99	4,345	30.95%	$13,569,255	29.57%	$21,146,884	29.55%
$3,000.00 to $3,999.99	2,594	18.48%	$10,127,123	22.07%	$15,790,894	22.06%
$4,000.00 to $4,999.99	1,430	10.19%	$6,424,593	14.00%	$10,024,000	14.00%
$5,000.00 to $5,999.99	662	4.72%	$3,393,445	7.40%	$5,300,432	7.41%
$6,000.00 to $6,999.99	266	1.89%	$1,508,727	3.29%	$2,356,757	3.29%
$7,000.00 to $7,999.99	112	0.80%	$689,299	1.50%	$1,075,320	1.50%
$8,000.00 to $8,999.99	69	0.49%	$459,496	1.00%	$717,128	1.00%
$9,000.00 to $9,999.99	22	0.16%	$144,029	0.31%	$222,902	0.31%
Greater than or equal to $10,000.00	10	0.07%	$85,294	0.19%	$132,797	0.19%
Total	**14,038**	**100.00%**	**$45,881,666**	**100.00%**	**$71,574,996**	**100.00%**

**Assumes an annual discount rate of 7.00% discounting the quarterly estimated SHREC asset value starting on the first quarterly collection period following the Cut-Off Date.*

Distribution of the PV Systems by System Size

Range of PV System Sizes (kW DC)	Number of PV Systems	Percentage of PV Systems	Aggregate Discounted SHREC Asset Balance*	Percentage of Aggregate Discounted SHREC Asset Balance	Total SHREC Asset Value	Percentage of Total SHREC Asset Value
0.001 to 2.000	21	0.15%	$13,906	0.03%	$21,597	0.03%
2.001 to 4.000	1,204	8.58%	$1,716,726	3.74%	$2,666,217	3.73%
4.001 to 6.000	3,467	24.70%	$7,613,469	16.59%	$11,837,216	16.54%
6.001 to 8.000	3,709	26.42%	$10,996,338	23.97%	$17,123,410	23.92%
8.001 to 10.000	2,591	18.46%	$9,703,689	21.15%	$15,162,370	21.18%
10.001 to 12.000	1,693	12.06%	$7,718,746	16.82%	$12,054,518	16.84%
12.001 to 14.000	688	4.90%	$3,644,605	7.94%	$5,703,352	7.97%
14.001 to 16.000	346	2.46%	$2,092,576	4.56%	$3,275,766	4.58%
16.001 to 18.000	179	1.28%	$1,225,817	2.67%	$1,916,741	2.68%
18.001 to 20.000	102	0.73%	$802,754	1.75%	$1,256,930	1.76%
Greater than or equal to 20.001	38	0.27%	$353,040	0.77%	$556,879	0.78%
Total	**14,038**	**100.00%**	**$45,881,666**	**100.00%**	**$71,574,996**	**100.00%**

**Assumes an annual discount rate of 7.00% discounting the quarterly estimated SHREC asset value starting on the first quarterly collection period following the Cut-Off Date.*

Distribution of the PV Systems by Host Customer County

Host Customer County	Number of PV Systems	Percentage of PV Systems	Aggregate Discounted SHREC Asset Balance*	Percentage of Aggregate Discounted SHREC Asset Balance	Total SHREC Asset Value	Percentage of Total SHREC Asset Value
New Haven	3,842	27.37%	$12,688,867	27.66%	$19,799,360	27.66%
Hartford	3,847	27.40%	$11,805,953	25.73%	$18,411,528	25.72%
Fairfield	2,311	16.46%	$7,580,789	16.52%	$11,838,208	16.54%
New London	1,028	7.32%	$3,528,568	7.69%	$5,493,672	7.68%
Middlesex	789	5.62%	$2,734,176	5.96%	$4,268,559	5.96%
Litchfield	762	5.43%	$2,623,469	5.72%	$4,087,327	5.71%
Tolland	711	5.06%	$2,480,116	5.41%	$3,874,424	5.41%
Windham	748	5.33%	$2,439,727	5.32%	$3,801,918	5.31%
Total	**14,038**	**100.00%**	**$45,881,666**	**100.00%**	**$71,574,996**	**100.00%**

**Assumes an annual discount rate of 7.00% discounting the quarterly estimated SHREC asset value starting on the first quarterly collection period following the Cut-Off Date.*

Accounts

Prior to the Closing Date, payments due to the Parent on the SHRECs are required to be remitted to the Parent's Master Purchase Agreement Collection Account at Webster Bank (the "**Series 2019-1 Parent Lockbox Account**"). Prior to the Closing Date, the Manager will establish a lockbox account at the Trustee in the name of the Issuer (subject to a control agreement in favor of the Trustee for the benefit of the Trustee, the Manager and the Series 2019-1 Noteholders) (such account, the "**Series 2019-1 Issuer Lockbox Account**", and together with the Series 2019-1 Parent Lockbox Account, the "**Lockbox Accounts**"). All Series 2019-1 Collections on deposit in the Series 2019-1 Issuer Lockbox Account will be remitted by the Manager to the Series 2019-1 Collection Account within one (1) Business Day of receipt.

The Manager will use its best efforts to direct all payments on the SHRECs to the Series 2019-1 Issuer Lockbox Account as soon as reasonably practicable, but in no event later than ten (10) Business Days after the Closing Date. The Series 2019-1 Parent Lockbox Account will remain open and will be monitored by the Manager pursuant to the Management Agreement; if Series 2019-1 Collections are deposited to the Series 2019-1 Parent Lockbox Account, notwithstanding the instructions of the Manager, the Manager will, within one (1) Business Day of being deposited in the Series 2019-1 Parent Lockbox Account transfer such amounts to the Series 2019-1 Issuer Lockbox Account.

Although the Utilities will be notified of the assignment of the SHRECs included in this transaction from the Parent to the Issuer, such notices may not be received by the applicable Utility before a remittance is made to the Series 2019-1 Parent Lockbox Account, or the Series 2019-1 Issuer Lockbox Account, as applicable, or such notices may be lost, misdirected, or disregarded. On or prior to the Closing Date, the Issuer, the Parent, the Manager and the Trustee are expected to enter into an agreement relating to allocations of misdirected or misallocated funds between the Series 2019-1 Parent Lockbox Account and the Series 2019-1 Issuer Lockbox Account. Pursuant to such agreement, the parties thereto will agree that in the event any funds are misdirected or erroneously deposited into the Series 2019-1 Parent Lockbox Account or the Series 2019-1 Issuer Lockbox Account, the Manager or the Trustee, as applicable, will transfer the applicable amounts to the correct Lockbox Account.

The Series 2019-1 Collection Account will be established to hold funds received from the Series 2019-1 Issuer Lockbox Account as well as other Collections (the "**Series 2019-1 Collection Account**"). Amounts on deposit in the Series 2019-1 Collection Account will be invested in Eligible Investments at the direction of the Manager maturing no later than the Business Day immediately preceding each Payment Date. In the absence of such direction, amounts on deposit in the Series 2019-1 Collection Account will remain uninvested. All income or other gains from investment will be deposited in the Series 2019-1 Collection Account. Any loss resulting from any such Eligible Investment will be charged to the Series 2019-1 Collection Account.

The Series 2019-1 Collection Account and the Series 2019-1 Liquidity Reserve Account (each, a "**Series 2019-1 Trust Account**" and collectively, the "**Series 2019-1 Trust Accounts**") will each be established and maintained at the Trustee by the Issuer, pledged by the Issuer to the Trustee for the benefit of the Trustee, the Manager and the Series 2019-1 Noteholders and each account and the funds in such account will constitute Series 2019-1 Collateral.

"**Eligible Investments**" are book-entry securities, negotiable instruments or physical securities maturing no later than the Business Day immediately preceding each Payment Date and are limited to:

- direct obligations of, and obligations fully guaranteed as to timely payment by, the United States of America;

- demand deposits, time deposits or certificates of deposit of any depositary institution or trust company (including U.S. subsidiaries of foreign depositories) incorporated under the laws of the United States of America or any State of the United States, or any domestic branch of a foreign bank, and subject to supervision and examination by federal or state banking or depository institution authorities, in each case, having, at the time of the Issuer's investment or contractual commitment to invest in such demand deposits, time deposits or certificates of deposit, a credit rating from any NRSRO in its highest investment category;

- commercial paper having, at the time of the Issuer's investment or contractual commitment to invest in such commercial paper, a rating from any NRSRO in its highest investment category;

- investments in money market funds having, having, at the time of the Issuer's investment or contractual commitment to invest in such money market funds, a rating from any NRSRO in its highest investment category or otherwise approved in writing by each NRSRO;

- bankers' acceptances issued by any depository institution or trust company referred to in the second clause of this sentence; and
- any other investment consisting of a financial asset that by its terms converts to cash within a finite period of time, if the Rating Agency Condition is satisfied with respect to such investment.

The Series 2019-1 Liquidity Reserve Account (the "**Series 2019-1 Liquidity Reserve Account**") will be funded on the Closing Date out of proceeds of the sale of the Series 2019-1 Notes in an amount equal to $●, in order to fund shortfalls in payment under clauses (i), (ii) and (iii) of the Priority of Payments. On any Payment Date, the Series 2019-1 Liquidity Reserve Account will be funded pursuant to the Priority of Payments in an amount sufficient to equal to two quarters of Accrued Interest based on the Class Principal Balance of the Series 2019-1 Class A Notes and the Series 2019-1 Class B Notes as of the immediately preceding Determination Date (the "**Series 2019-1 Liquidity Reserve Required Amount**"). On each Payment Date, amounts on deposit in the Series 2019-1 Liquidity Reserve Account will be released by the Trustee into the Series 2019-1 Collection Account; *provided* that on any Payment Date on which a Series 2019-1 Sequential Interest Amortization Event is occurring and continuing such amounts released from the Series 2019-1 Liquidity Reserve Account may not exceed an amount required to pay all amounts due under clauses (i) and (ii) of the Priority of Payments. On the earlier of the Payment Date in June 2033 and the Payment Date on which the Note Principal Balance of the Series 2019-1 Notes has been reduced to zero, the Series 2019-1 Liquidity Reserve Required Amount will equal zero.

THE ISSUER

SHREC ABS 1 LLC (the "**Issuer**") is a newly formed, special purpose, bankruptcy remote Delaware limited liability company that is a direct wholly-owned subsidiary of the Parent. The only assets owned by the Issuer are the SHREC Assets. Pursuant to the Issuer LLC Agreement, the Issuer will not be permitted to engage in any business or activities other than (i) the acquisition, owning, holding, administering, financing, management, selling and pledging of the SHREC Assets, (ii) the issuance of the Notes pursuant to the Indenture, (iii) the execution, delivery and performance of its obligations under the Transaction Documents, and (iv) engaging in other activities necessary, suitable or convenient to accomplish the foregoing or which are incidental thereto. In addition, the Issuer LLC Agreement for will require the Issuer to observe certain covenants to avoid substantive consolidation of the assets of the Issuer with the assets of the Parent or any other entity.

THE PARENT

Connecticut Green Bank (the "**Green Bank**" or the "**Parent**") was established by the Governor and the General Assembly of the State of Connecticut on July 1, 2011 through Public Act 11-80. The Green Bank was formed as body politic and corporate, constituting a public instrumentality and political subdivision of the State of Connecticut established and created for the performance of an essential public and governmental function. The Green Bank is not a department, institution or agency of the state. It is a quasi-public agency that administers the former Connecticut Clean Energy Fund. As the nation's first state green bank, the Green Bank was formed with a mission to makes green energy more accessible and affordable for all Connecticut citizens and businesses by creating a thriving marketplace to accelerate the growth of green energy.

The Green Bank facilitates green energy deployment by leveraging a public-private financing model that uses limited public dollars to attract private capital investments. By partnering with the private sector, the Green Bank creates solutions that result in long-term, affordable financing to increase the number of green energy projects statewide.

The Green Bank's vision is to lead the green bank movement by accelerating private investment in clean energy deployment for Connecticut to achieve economic prosperity, create jobs, promote energy security and address climate change. The Green Bank hopes that by accelerating the growth of green energy, it can contribute to a better quality of life, a better environment and a better future for Connecticut.

The Green Bank's mission is to support the Governor's and Legislature's energy strategy to achieve cleaner, cheaper and more reliable sources of energy, while creating jobs and supporting local economic development.

To achieve its vision and mission, the Green Bank has established the following four goals:

- To attract and deploy private capital investment to finance the clean energy policy goals for Connecticut.

- To leverage limited public funds to attract multiples of private capital investment while returning and reinvesting public funds in clean energy deployment over time.

- To develop and implement strategies that bring down the cost of clean energy in order to make it more accessible and affordable to consumers.

- To support affordable and healthy buildings in low-to-moderate income and distressed communities by reducing the energy burden and addressing health and safety issues in their homes, businesses, and institutions.

These goals support the implementation of Connecticut's clean energy policies, whether statutory (i.e., Public Act 11-80, Public Act 13-298, Public Act 15-194); planning (i.e., Comprehensive Energy Strategy, Integrated Resources Plan); or regulatory, in nature.

The powers of the Green Bank are vested in and exercised by a Board of Directors that is comprised of 11 voting and 2 non-voting members, each with knowledge and expertise in matters related to the organization's purpose. The Green Bank Board of Directors and staff are governed through the statute, as well as an Ethics Statement and Ethical Conduct Policy, Resolutions of Purposes, Bylaws, and Comprehensive Plan.

Pursuant to Public Act 18-50, the State of Connecticut pledges to and agrees with any person with whom the Green Bank enters into contracts pursuant to the provisions of the Green Bank's enabling legislation that the State will not limit or alter the rights vested in the Green Bank until such contracts and the obligations under them are fully met and performed on the part of the Green Bank. The same Public Act permits the Green Bank to appropriate in each year during the term of such contracts, an amount of money that is, when combined with other Green Bank funds available for such purpose, sufficient to pay such contracts and obligations or meet any contractual covenants or warranties.

THE MANAGER

Connecticut Green Bank will also act as the manager pursuant to a Management Agreement, to be dated as of the Closing Date (the "**Management Agreement**") between the Manager and the Issuer. The Manager will act on behalf of the Issuer with respect to certain actions relating to the Collateral, including managing the Issuer's rights and obligations under the Master Purchase Agreements, the purchase and sale of SHRECs on behalf of the Issuer in accordance with the Transaction Documents. The Manger will exercise certain other rights and perform certain other duties on behalf of the Issuer pursuant to the Transaction Documents, in each case in accordance with the Manager Standard pursuant to the Management Agreement. See "*Description of the Management Agreement*" in this Offering Memorandum.

The Manager will be entitled to receive a quarterly fee (the "**Manager Fee**") from the Issuer for performing its duties under the Management Agreement in accordance with the Priority of Payments on each Payment Date in an amount equal to $25,000; *provided*, that such amount is subject to successive 2% annual increases on the first day of the Collection Period that commences immediately following each anniversary of the Closing Date. The Manager will also be entitled to receive a fee (the "**Discretionary Subordinate Management Fee**"), pursuant to clause (xii) of the Priority of Payments, to reimburse the Manager for any and all expenses paid by the Manager, at its option, to remediate SHREC Systems identified at the Manager's reasonable discretion in accordance with its standard of care set forth in the Management Agreement as performing not as expected. The Manager will be responsible for the payment of its own fees, expenses and indemnities incurred in the performance of its duties as the Manager. The payment of the Manager Fee will be allocated among the Series 2019-1 Notes and any additional Series of Notes issued following the Closing Date pro rata according to the aggregate Outstanding Note Balance of each Series of Notes on each Payment Date before giving effect to any payment thereon on such Payment Date.

THE TRUSTEE

The information set forth in this first paragraph concerning the Trustee has been provided by Trustee, and none of the Parent, the Issuer, the Manager, nor the Initial Purchaser make any representation or warranty as to the accuracy or completeness of such information. The Bank of New York Mellon Trust Company, N.A. is a national banking association (the "**Trustee**").

The Bank of New York Mellon Trust Company, N.A., a national banking association, with its principal offices located in Los Angeles, California, acts as the Trustee under the Indenture. The Corporate Trust Office of the Trustee

under the Indenture is currently located at 2 North LaSalle Street, 7th Floor, Chicago, Illinois 60602, Attention: Structured Finance-NY ABS, SHREC ABS 1 2019-1.

In the ordinary course of business, The Bank of New York Mellon and The Bank of New York Mellon Trust Company, N.A. are named as a defendant in or made a party to pending and potential legal actions. In connection with its role as trustee of certain residential mortgage-backed securities ("**RMBS**") transactions, The Bank of New York Mellon and The Bank of New York Mellon Trust Company, N.A. have been named as a defendant in a number of legal actions brought by RMBS investors. These lawsuits allege that the trustee had expansive duties under the governing agreements, including the duty to investigate and pursue breach of representation and warranty claims against other parties to the RMBS transactions. While it is inherently difficult to predict the eventual outcomes of pending actions, The Bank of New York Mellon denies liability and intends to defend the litigations vigorously.

Duties and Responsibilities of Trustee

The Trustee has agreed to perform only those duties specifically set forth in the Indenture. Many of the duties of the Trustee are described throughout this Offering Memorandum. Under the terms of the Indenture, the Trustee's responsibilities include the following:

- to deliver, or make available on its website, to the Series 2019-1 Noteholders no later than each Payment Date, a report (the "**Payment Date Report**") that will include, among other things, amounts on deposit in each Account, the Outstanding Note Balance, Accrued Interest on each Class, and the distributions to be made pursuant to the Priority of Payments on such Payment Date.

- to deliver, or make available on its website, to Series 2019-1 Noteholders of record certain notices, reports and other documents received by the Trustee, as required under the Indenture;

- to authenticate, deliver and cancel the Series 2019-1 Notes;

- to serve as the initial transfer agent, paying agent and registrar;

- to periodically report on and notify Series 2019-1 Noteholders of certain matters relating to enforcement actions taken by the Trustee as required under the Indenture; and

- to perform certain other administrative functions identified in the Indenture.

If an Event of Default has occurred and is continuing of which a responsible officer of the Trustee has received written notice, the Trustee will exercise such of the rights and powers vested in it by the Indenture and use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs. If an Event of Default occurs and is continuing, the Trustee may, in its discretion, (and will, if directed by the Noteholder Majority) proceed to protect and enforce its rights and the rights of the Noteholders by any appropriate proceedings as the Trustee may deem necessary to protect and enforce any of those rights. Without receiving prior written consent from each Series 2019-1 Noteholder, the Trustee will not liquidate the Series 2019-1 Collateral for an amount less than the Outstanding Note Balance.

Limitations on Trustee's Liability

The Trustee and its authorized officers will not be liable for (i) any errors of judgment made in good faith or (ii) any action it takes or omits to take in good faith in accordance with a direction received by it pursuant to the Indenture. Further, the Trustee will not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Noteholder Majority relating to the time, method, and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under the Indenture with respect to the Notes.

The Trustee is not required to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties under the Indenture or in the exercise of any of its rights or powers if it reasonably believes that repayments of such funds or adequate indemnity satisfactory to it against any loss, liability or expense is not reasonably assured to it.

The Trustee will be under no obligation to exercise any of the rights or powers vested in it by the Indenture at the request or direction of any of the Noteholders pursuant to the Indenture, unless such Noteholders have offered to the Trustee security or indemnification satisfactory to it against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction.

Compensation and Indemnification of Trustee

Under the terms of the Indenture, the Issuer has agreed to pay the Trustee the Trustee Fee for performance of its duties and to reimburse the Trustee pursuant to and in accordance with the Priority of Payments for all reasonable expenses, disbursements and advances incurred or made by the Trustee in accordance with any provision of the Indenture (including the reasonable compensation and the reasonable expenses and disbursements of its agents and counsel), except any such expense, disbursement or advance as may be attributable to its gross negligence or willful misconduct. The Issuer has also agreed to indemnify the Trustee and its officers, directors, employees and agents for, and to hold them harmless against, any and all loss, liability, claim, obligation, damage, injury, judgment or expense (including the reasonable compensation and the reasonable expenses and disbursements of its agents and counsel) incurred without gross negligence or willful misconduct on its part, arising out of or in connection with the Collateral or arising out of or in connection with the acceptance or administration of its duties or exercise or performance of its powers under the Indenture or the other transaction documents, including the costs and expenses of defending itself against any claim or liability (whether asserted by the Issuer, any Noteholder or any other person or entity) in connection with the exercise or performance of any of its powers or duties under the Indenture, or in connection with enforcing the provisions of the Indenture.

The Trustee will be entitled to be paid an annual fee (the "**Trustee Fee**") on the Payment Date occurring in March of each year pursuant to the Priority of Payments equal to $10,000 with respect to each such Payment Date, commencing on the Payment Date occurring in March 2020.

Resignation or Removal of Trustee

The Trustee may resign at any time by giving 60 days' written notice of such resignation to the Manager, the Issuer and the Noteholders. The Noteholder Majority may remove the Trustee at any time upon 30 days prior written notice. In addition, the Issuer will be required to remove the Trustee if it ceases to be eligible to continue as a Trustee under the Indenture or if the Trustee becomes insolvent or otherwise becomes legally unable to act as Trustee. If the Trustee resigns or is removed, the Issuer (or the Noteholder Majority, in the case of a removal by the Noteholder Majority) will be obligated to appoint a successor Trustee. If a successor Trustee does not assume the duties of Trustee after the retiring Trustee resigns or is removed, the retiring Trustee, the Issuer or the Noteholder Majority may petition a court of competent jurisdiction to appoint a successor Trustee. Any resignation or removal of the Trustee will not become effective until acceptance of appointment by the successor Trustee.

The Trustee is not responsible for the accuracy, validity or adequacy of any of the information contained in this Offering Memorandum, other than the information contained in the first paragraph of this *"The Trustee"* section.

DESCRIPTION OF THE MANAGEMENT AGREEMENT

The following summary describes certain terms of the Management Agreement. This summary does not purport to be complete and is qualified in its entirety by reference to the provisions of the Management Agreement.

General

Pursuant to the Management Agreement, the Manager will be responsible for managing the activities of the Issuer and the SHREC Assets. The Manager will be required to perform its duties under the Management Agreement (i) in accordance with the Manager's policies (ii) in accordance with applicable law, (iii) in accordance with the terms of the SHREC Assets, and (iv) at least in the manner in which the Manager manages SHRECs for itself or for other accounts, if any.

Among other duties, the Manager is responsible for:

(1) administering collections on the SHREC Assets;

(2) taking any actions Manager deems necessary to ensure enforcement and recovery under the SHREC Assets;

(3) preparing and delivering any reports required pursuant to the Management Agreement; and

(4) preparing all supplements and amendments to the Transaction Documents and all financing statements, continuation statements, instruments of further assurance and other instruments and the taking of such other action as is necessary or advisable to protect the SHREC Assets.

The Manager will provide certain reports to the Trustee, in the form and in the manner set forth in the Management Agreement, to enable the Trustee to perform its obligations under the Indenture.

Manager Resignation or Termination

The Manager may not resign from the duties and obligations imposed on it under the Management Agreement or assign its rights and obligations under the Management Agreement unless and until the Rating Agency Condition is satisfied. The Manager may not be terminated other than upon the occurrence of a Manager Default that has not been waived as described in the succeeding paragraph.

Upon the occurrence of a Manager Default (after giving effect to any applicable notice and cure periods, and which is not waived by the Noteholder Majority, the Trustee will (at the direction of the Noteholder Majority) terminate all of the rights and obligations of the Manager under the Transaction Documents and appoint a successor Manager.

A "**Manager Default**" will include:

(i) failure by the Manager to perform any material obligation under the Management Agreement that is not remedied within ten (10) days of its receipt of written notice of such failure or discovery of such failure,

(ii) any material breach of a representation or warranty of the Manager that is not cured within ten (10) days of its receipt of written notice of such failure or the Manager's discovery of such failure,

(iii) certain events of bankruptcy or insolvency of the Manager,

(iv) a final, non-appealable judgment in excess of $1,000,000 is made against the Manager or any of its subsidiaries that is not bonded or insured and is not satisfied or discharged within 120 days, or

(v) a Change of Control.

A "**Change of Control**" of the Manager will occur if, the State of Connecticut no longer directly or indirectly owns or controls more than 50% of the outstanding voting interests of the Manager.

In the event of the Manager's resignation or termination, the Manager will be required to cooperate with the successor Manager in connection with the transition of the servicing of the SHREC Assets to the successor Manager (including the successor Manager) without interruption or adverse impact on the provision of services required under the Management Agreement (the "**Manager Transition**"). The Manager will be required to reasonably cooperate with the successor Manager and otherwise promptly take all reasonable actions required to assist in effecting a complete Manager Transition and to follow any reasonable directions that may be provided by the successor Manager. The Manager will be required to provide all necessary information and assistance regarding the terminated services required for Manager Transition, including data conversion and migration, interface specifications, and related professional services. All necessary services relating to Manager Transition, including all reasonable training for personnel of the successor Manager, will be deemed a part of the obligations to be performed by the Manager.

Purchase of Additional SHRECs to Cease After Manager Default

The Manager will not have the authority to direct the Issuer to acquire Additional SHRECs if a Manager Default has occurred.

Advances

To the extent that a Utility does not purchase a SHREC included in the Series 2019-1 Collateral due to the occurrence of a Force Majeure Event (as such term is defined in the Master Purchase Agreements), the Manager may, at its option, advance its own funds to pay any amounts that the Manager determines in its discretion will be recoverable (together with interest at the Advance Interest Rate) from collections on the related SHREC ("**Advances**"). Each Advance will be made

by the Manager in respect of a SHREC in its good faith judgment and consistent with its policies and procedures at the time of such Advance.

All Advances will accrue interest at the Advance Interest Rate from the date made through and including the date reimbursed. As of any date of determination, the "**Advance Interest Rate**" will be the "Prime Rate" as published in *The Wall Street Journal*. If *The Wall Street Journal* ceases to publish the "Prime Rate", the Manager or Trustee, as applicable, will select an equivalent publication that publishes such "Prime Rate", and if such "Prime Rates" are no longer generally published or are limited, regulated or administered by a governmental or quasi-governmental body, then Manager will select a comparable interest rate index. The Manager will include the amount of interest due on the applicable Payment Date in its Quarterly Manager Report and upon prepayment of the Notes, the Manager will provide the calculation of interest due on any Advances for the related prepayment date upon the request of the Trustee.

Advances will be reimbursed pursuant to the Priority of Payments.

Manager and the Parent

Connecticut Green Bank has several roles in this transaction, serving as the Manager and the Parent of the Issuer.

DESCRIPTION OF THE INDENTURE AND THE SERIES 2019-1 NOTES

General

The SHREC ABS 1 LLC Series 2019-1 SHREC Collateralized Notes (the "**Series 2019-1 Notes**"), will be issued by the Issuer, pursuant to a Base Indenture, dated as of the Closing Date (the "**Base Indenture**"), as supplemented by a series indenture supplement thereto, dated as of the Closing Date (the "**Series 2019-1 Indenture Supplement**"), in each case by and between the Issuer and the Trustee. The Issuer may from time to time issue additional Series of Notes pursuant to the Base Indenture and additional series indenture supplements thereto (together with the Series 2019-1 Indenture Supplement, each, a "**Series Indenture Supplement**") subject to satisfaction of the applicable conditions described herein under "*Additional Notes*". The Base Indenture, the Series 2019-1 Supplement and any additional Series Indenture Supplements entered into between the Issuer and the Trustee following the Closing Date are referred to herein collectively as the "**Indenture**". The Series 2019-1 Notes and any additional Series of Notes issued by the Issuer following the Closing Date are referred to herein collectively as the "**Notes**".

The Issuer will issue two classes (each, a "**Class**") of Series 2019-1 Notes as follows: (i) approximately $36,800,000 of Class A Notes (the "**Series 2019-1 Class A Notes**") and (ii) approximately $1,800,000 of Series 2019-1 Class B Notes (the "**Series 2019-1 Class B Notes**", and together with the Series 2019-1 Class A Notes, the "**Series 2019-1 Notes**"). The Series 2019-1 Notes will bear interest at the Note Rates. The "**Note Rate**" for the Series 2019-1 Class A Notes is ●% *per annum* and for the Series 2019-1 Class B Notes is ●% *per annum*. The principal amount of any Note (a "**Note Balance**"), with respect to any date of determination, is equal to its Note Balance on the Closing Date (the "**Initial Note Balance**") minus all distributions in respect of principal that were actually paid to the holder(s) of such Note. The aggregate Note Balance for the Notes of any particular Class of Notes is referred to in this Offering Memorandum as the "**Class Principal Balance**" of such Class of Notes. The aggregate Note Balances of all Notes outstanding as of any date of determination is the "**Outstanding Note Balance**". The CUSIP number for the 144A Series 2019-1 Class A Notes is 82539X AA3 and for the 144A Series 2019-1 Class B Notes is 82539X AB1; the CUSIP number for the Reg. S Series 2019-1 Class A Notes is U82159 AA9 and for the Reg. S Series 2019-1 Class B Notes is U82159 AB7.

The Trustee will make available for inspection a copy of the Indenture, without exhibits or schedules, to a Noteholder on written request. The following summary describes terms that are applicable to the Indenture and the Series 2019-1 Notes, is not complete and is qualified in its entirety by reference to the provisions of the Indenture and the Notes.

Delivery and Form of Notes

Series 2019-1 Notes sold to investors under Rule 144A will initially be in the form of one or more book-entry global Notes (the "**Rule 144A Global Notes**") to be deposited with the Trustee, as custodian for The Depository Trust Company ("**DTC**"), the initial Depository, and registered in the name of Cede & Co as nominee of DTC. The Series 2019-1 Notes sold to non-U.S. persons (as defined in Regulation S) in offshore transactions in reliance on Regulation S will be represented by one or more temporary Global Notes (the "**Regulation S Temporary Global Notes**"). The Regulation S

Temporary Global Notes will be deposited with the Trustee, as custodian for DTC and registered in the name of DTC's nominee, Cede & Co.

During the 40-day period prescribed by Regulation S commencing on the later of (a) the date upon which Series 2019-1 Notes are first offered to Persons other than the Initial Purchaser and any other distributor (as such term is defined in Regulation S) of the Series 2019-1 Notes, and (b) the Closing Date (the "**Restricted Period**"), beneficial interests in the Regulation S Temporary Global Notes may be held only through Clearstream or Euroclear (each as defined below) and owners of beneficial interests in the Regulation S Temporary Global Notes may not transfer such interests to any U.S. person or any person that takes delivery thereof in the form of an interest in the Rule 144A Global Notes. After the expiration of the Restricted Period, the Regulation S Temporary Global Notes may be exchanged for one or more permanent global Notes (the "**Regulation S Permanent Global Notes**" and together with the Regulation S Temporary Global Notes, the "**Regulation S Global Notes**"; the Regulation S Global Notes together with the Rule 144A Global Notes, the "**Global Notes**"). All Global Notes will be initially registered on the register held by the Issuer at the Corporate Trust Office of the Trustee (the "**Note Register**") in the name of Cede & Co, the nominee of DTC, and no Note Owner will receive a Definitive Note representing such Note Owner's interest in the Notes, except as provided in the Indenture. After the Restricted Period, (i) beneficial interests in the Regulation S Permanent Global Notes may be transferred to any person that takes delivery in the form of an interest in the Rule 144A Global Notes and (ii) beneficial interests in the Rule 144A Global Notes may be transferred to any person that takes delivery in the form of an interest in the Regulation S Permanent Global Notes, *provided* that the Indenture requirements are met, including but not limited to, the investor representation letter required by the Indenture and described under the transfer restrictions set forth under "*Notice to Investors*" in this Offering Memorandum is delivered to the Trustee.

DTC, Clearstream and Euroclear

The description of operations and procedures of DTC, Euroclear and Clearstream (each as defined below) set forth below are provided solely as a matter of convenience. The information in this section concerning DTC and DTC's book-entry system, and Clearstream and Euroclear, has been obtained from sources (including DTC and Clearstream) that the Issuer believes to be reliable, but none of the Issuer, the Trustee, the Manager, the Parent or the Initial Purchaser take responsibility for the accuracy thereof. These operations and procedures are solely within the control of the respective settlement systems and are subject to change by them from time to time. None of the Issuer, the Trustee, the Manager, the Parent nor the Initial Purchaser takes any responsibility for these operations and procedures, and investors are urged to contact the relevant system or its participants directly to discuss these matters.

Persons acquiring beneficial ownership interests in the Series 2019-1 Notes ("**Owners**") may elect to hold such interests through DTC in the United States, or Clearstream Banking, société anonyme ("**Clearstream**") or the Euroclear system ("**Euroclear**"), in Europe, through participants of such systems ("**Participants**"), or through other organizations which are indirect participants in such systems. The Global Notes will be issued as one or more Notes and will initially be registered in the name of Cede & Co., the nominee of DTC. Clearstream and Euroclear will hold omnibus positions on behalf of their participants through customers' securities accounts in Clearstream's and Euroclear's names on the books of their respective depositaries, which in turn will hold such positions in customers' securities accounts in the depositaries' names on the books of DTC. Investors may hold such beneficial interests in any Global Note in minimum denominations of $100,000 and in integral multiples of $1,000. Except as described below, no person acquiring an interest in a Global Note will be entitled to receive a physical note representing such interest (a "**Definitive Note**"). Unless and until Definitive Notes are issued, it is anticipated that the only record "Noteholder" of the Series 2019-1 Notes will be Cede & Co., as nominee of DTC. Owners will not be Noteholders as that term is used in the Indenture. Unless Definitive Notes are issued as described below, Owners are only permitted to exercise their rights indirectly through Participants and DTC.

An Owner's interest in a Global Note will be recorded on the records of the brokerage firm, bank, thrift institution or other financial intermediary (each, a "**Financial Intermediary**") with whom the Owner maintains an account for such purpose. In turn, the Financial Intermediary's interest in such Global Note will be recorded on the records of DTC (or of a Participant that acts as agent for the Financial Intermediary, whose interest will in turn be recorded on the records of DTC, Clearstream or Euroclear, as appropriate, if the beneficial owner's Financial Intermediary is not a DTC Participant).

Owners will receive all distributions of principal of and interest on the Notes through DTC and Participants. While the Notes are outstanding (except under the circumstances described below), under the rules, regulations and procedures creating and affecting DTC and its operations (the "**Rules**"), DTC is required to make book-entry transfers among Participants on whose behalf it acts with respect to the Series 2019-1 Notes and to receive and transmit distributions of principal of, and interest on, the Series 2019-1 Notes. Participants and indirect participants with whom Owners have accounts with respect to Series 2019-1 Notes are similarly required to make book-entry transfers and receive and transmit

such distributions on behalf of their respective Owners. Accordingly, although Owners will not possess physical Notes representing their respective interests in the Series 2019-1 Notes, the Rules provide a mechanism by which Owners will receive distributions and will be able to transfer their interests in the Series 2019-1 Notes.

Owners will not receive or be entitled to receive Notes representing their respective interests in the Series 2019-1 Notes, except under the limited circumstances described below. Unless and until Definitive Notes are issued, Owners who are not Participants may transfer their beneficial interests in Series 2019-1 Notes only through Participants and indirect participants by instructing such Participants and indirect participants to transfer such interests, by book-entry transfer, through DTC for the account of the purchasers of such interests whose accounts are maintained with their respective Participants. Under the Rules and in accordance with DTC's normal procedures, transfers of ownership of Series 2019-1 Notes will be executed through DTC and the accounts of the respective Participants at DTC will be debited and credited to reflect such transfers. Similarly, the Participants and indirect participants will make debits or credits, as the case may be, on their records on behalf of the selling and purchasing Owners.

Because of time zone differences, the securities account of a Clearstream or Euroclear Participant as a result of a transaction with a DTC Participant (other than a depository holding on behalf of Clearstream or Euroclear) will be credited during the subsequent securities settlement processing day which is the business day immediately following the DTC settlement date. Such credits or any transactions in such securities settled during such processing will be reported to the relevant Euroclear or Clearstream Participants on such business day. Cash received in Clearstream or Euroclear as a result of sales of securities by or through a Clearstream Participant or Euroclear Participant to a DTC Participant (other than a depository holding on behalf of Clearstream or Euroclear) will be received with value on the DTC settlement date but will be available in the relevant Clearstream or Euroclear cash account only as of the business day following settlement in DTC.

Transfers between DTC Participants will occur in accordance with the Rules. Transfers between Clearstream Participants and Euroclear Participants will occur in accordance with their respective rules and operating procedures.

Subject to compliance with the transfer restrictions applicable to the Series 2019-1 Notes, cross-market transfers between persons holding directly or indirectly through DTC, on the one hand, and directly or indirectly through Clearstream Participants or Euroclear Participants, on the other, will be effected by DTC in accordance with the Rules on behalf of the relevant European international clearing system by its respective depositary; however, such cross-market transactions will require delivery of instructions to the relevant European international clearing system by the counterparty in such system in accordance with its rules and procedures and within its established deadlines (European time). The relevant European international clearing system will, if the transaction meets its settlement requirements, deliver instructions to its respective depositary to act to effect final settlement on its behalf by delivering or receiving securities in DTC, and making or receiving payment in accordance with normal procedures for same day funds settlement applicable to DTC. Clearstream Participants and Euroclear Participants may not deliver instructions directly to the relevant depositary for Euroclear or Clearstream.

DTC is a limited-purpose trust company organized under the laws of the State of New York, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York UCC and a "clearing agency" registered pursuant to Section 17A of the Securities Exchange Act of 1934, as amended. DTC was created to hold securities for its participating organizations and to facilitate the clearance and settlement of securities transactions between DTC Participants through electronic book-entry changes in the accounts of DTC Participants.

DTC Participants include securities brokers and dealers, banks, trust companies and clearing corporations and may include certain other organizations. Other institutions that are not DTC Participants but clear through or maintain a custodial relationship with DTC Participants, either directly or indirectly (such institutions, "**indirect participants**") have indirect access to DTC's clearance system.

Clearstream, 42 Avenue JF Kennedy L-1855 Luxembourg, was incorporated in 1970 as "Cedel S.A.", a company with limited liability under Luxembourg law (a société anonyme). Cedel S.A. subsequently changed its name to Cedelbank and on January 18, 2000, Cedelbank was renamed "Clearstream Banking, société anonyme." Clearstream holds securities for its customers and facilitates the clearance and settlement of securities transactions between Clearstream Participants through electronic book-entry changes in accounts of Clearstream Participants, thereby eliminating the need for physical movement of securities. Clearstream is registered as a bank in Luxembourg, and as such is subject to regulation by the Commission de Surveillance du Secteur Financier, which supervises Luxembourg banks. Clearstream's customers are world-wide financial institutions including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Clearstream's U.S. customers are limited to securities brokers and

dealers, and banks. Indirect access to Clearstream is available through other institutions that clear through or maintain a custodial relationship with an account holder of Clearstream. Clearstream has established an electronic bridge with Euroclear Bank S.A./N.V. as the operator of the Euroclear System in Brussels to facilitate settlement of trades between systems.

Euroclear was created to hold securities for participants of Euroclear and to clear and settle transactions between Euroclear Participants through simultaneous electronic book-entry delivery against payment, thereby eliminating the need for physical movement of Notes and any risk from lack of simultaneous transfers of securities and cash. The "**Euroclear Operator**" is Euroclear Bank S.A./N.V., which is subject to the supervision of the National Bank of Belgium and the Belgian Banking and Finance Commission. Euroclear is under contract with Euroclear Clearance Systems S.C., a Belgian co-operative corporation (the "**Clearance Cooperative**"). All operations are conducted by the Euroclear Operator, and all Euroclear securities clearance accounts and Euroclear cash accounts are accounts with the Euroclear Operator, not the Clearance Cooperative. The Clearance Cooperative establishes policies for Euroclear on behalf of Euroclear Participants. As such, it is regulated and examined by the Board of Governors of the Federal Reserve System and the New York State Banking Department, as well as the Belgian Banking Commission. Securities clearance accounts and cash accounts with the Euroclear Operator are governed by the Terms and Conditions Governing Use of Euroclear and the related Operating Procedures of the Euroclear System and applicable Belgian law (collectively, the "**Terms and Conditions**"). The Terms and Conditions govern transfers of securities and cash within Euroclear, withdrawals of securities and cash from Euroclear, and receipts of payments with respect to securities in Euroclear. All securities in Euroclear are held on a fungible basis without attribution of specific Notes to specific securities clearance accounts.

Distributions on the Global Notes will be made on each Payment Date to DTC. DTC will be responsible for crediting the amount of such payments to the accounts of the applicable DTC Participants in accordance with DTC's normal procedures. Each DTC Participant will be responsible for disbursing such payments to the Owners that it represents and to each Financial Intermediary for which it acts as agent. Each such Financial Intermediary will be responsible for disbursing funds to the Owners of the Global Notes that it represents.

Under a book-entry format, Owners may experience some delay in their receipt of payments, since such payments will be forwarded by the Trustee to Cede & Co. as nominee of DTC. Distributions with respect to Notes held through Clearstream or Euroclear will be credited to the cash accounts of Clearstream Participants or Euroclear Participants, as applicable, in accordance with the relevant system's rules and procedures, to the extent received by the relevant depositary. Such distributions will be subject to tax reporting in accordance with relevant United States tax laws and regulations. Because DTC can only act on behalf of Financial Intermediaries, who in turn act on behalf of Owners, the ability of an Owner to pledge Global Notes to persons or entities that do not participate in the DTC system, or otherwise take actions in respect of such Global Notes, may be limited due to the lack of physical Notes for such Global Notes. In addition, issuance of the Global Notes in book-entry form may reduce the liquidity of such Notes in the secondary market since certain potential investors may be unwilling to purchase securities for which they cannot obtain physical Notes.

Reports will be provided by the Trustee to Cede & Co., as nominee of DTC, and may be made available by Cede & Co. to Owners upon request, in accordance with the rules, regulations and procedures creating and affecting DTC, and to the Financial Intermediaries to whose DTC accounts the Global Notes of such Owners are credited.

Any notice will be deemed to have been duly given to the Owners of Global Notes if sent to DTC and will be deemed to be given on the date on which it was so sent. In respect of Definitive Notes, any notice to the Owners of the Definitive Notes will be validly given if sent to the address indicated for such Owner in the note register maintained by the Trustee.

Under DTC's procedures, DTC will take any action permitted to be taken by the holders of the Global Notes only at the direction of one or more Participants to whose DTC accounts the Global Notes are credited, to the extent that such actions are taken on behalf of Participants whose holdings include such Global Notes and whose aggregate holdings represent no less than any minimum amount of percentage interests or voting rights required therefor. DTC may take conflicting actions with respect to any action of the Noteholders to the extent that Participants authorize such actions.

If (a) DTC (i) advises the Issuer and the Trustee in writing that DTC is no longer willing or able to properly discharge its responsibilities as depository with respect to the Global Notes or (ii) has ceased to be a clearing agency registered under the Securities Exchange Act of 1934, as amended, and, in either case, the Issuer is unable to locate a qualified successor, (b) the Issuer, at its option, notifies the Trustee in writing that it elects to cause the issuance of the Definitive Notes or (c) after the occurrence and during the continuation of an Event of Default, Note Owners (other than the Parent or any affiliate thereof) evidencing more than 50% of the then Outstanding Note Balance of the Global Notes advise the Trustee and DTC through the DTC Participants in writing that the continuation of a book-entry system with respect to such Global Notes

through DTC is no longer in the best interest of such Note Owners, the Trustee will direct DTC to notify all affected Note Owners through the depository of the occurrence of any such event and of the availability of Definitive Notes to such Note Owners.

Upon the occurrence of any of the events described in the immediately preceding paragraph, the Trustee is required pursuant to the Indenture to notify, through DTC, all Owners who have ownership of the Global Notes as indicated on the records of DTC of the occurrence of such event and the availability through DTC of Definitive Notes for their Global Notes. Upon surrender by DTC of the Global Note or Notes representing the Global Notes and upon receipt of instruction for re-registration, the Issuer will issue Definitive Notes in the respective principal amounts owned by individual Owners, and thereafter the Trustee will recognize the holders of such Definitive Notes as Noteholders under the Indenture. Distributions of principal of, and interest on, such Definitive Notes will thereafter be made by the Trustee in accordance with the procedures set forth in the Indenture directly to holders of Definitive Notes in whose names the Definitive Notes are registered on the Record Date.

Payment at or following the stated maturity of any Definitive Note, however, will be made only upon presentation and surrender of such Definitive Note at the office or agency specified in the notice of final payment mailed to holders of the Series 2019-1 Notes, including the office of any paying agent specified in such notice.

Upon the issuance of Definitive Notes, the holders of the Definitive Notes will be able to transfer or exchange the Definitive Notes at the office of the Trustee or any paying agent appointed by the Trustee. The holder of a Definitive Note will transfer the Definitive Note by surrendering it at the office of the note registrar or any paying agent, together with the form of transfer endorsed thereon duly completed and executed, and otherwise in accordance with the provisions of the Indenture, and in exchange therefor one or more new Definitive Notes will be issued in an amount equal to the remaining principal amount of the Definitive Note transferred or exchanged. The Trustee will keep in a note register, records of the ownership, exchange and transfer of Definitive Notes.

Definitive Notes will be transferable and exchangeable at the offices of the Trustee or at the offices of a registrar named in a notice delivered to holders of Definitive Notes. No service charge will be imposed for any registration of transfer or exchange, but the Trustee may require payment of a sum by the transferor or exchanger sufficient to cover any tax or other governmental charge in connection therewith. The Trustee will be permitted to request such evidence reasonably satisfactory to it documenting the identity and/or signatures of the transferor and transferee, with such signature guaranteed by an "eligible guarantor institution" meeting the requirements of the registrar, which requirements include membership or participation in Securities Transfer Agents Medallion Program ("**STAMP**") or such other "signature guarantee program" as may be determined by the registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Although DTC, Clearstream and Euroclear have agreed to the foregoing procedures in order to facilitate transfers of beneficial interests in the Notes among participants in DTC, Clearstream and Euroclear, they are under no obligation to perform or continue to perform such procedures and such procedures may be discontinued at any time.

None of the Issuer, the Parent, the Manager and the Trustee will have any responsibility for any aspect of the records relating to or payments made on account of beneficial ownership interests in the Global Notes held by Cede & Co., as nominee for DTC, or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Exchange of Global Notes for Definitive Notes

A Global Note is exchangeable for Definitive Notes if (a) DTC (i) advises the Issuer and the Trustee in writing that DTC is no longer willing or able to properly discharge its responsibilities as depository with respect to the Global Notes or (ii) has ceased to be a clearing agency registered under the Securities Exchange Act of 1934, as amended, and, in either case, the Issuer is unable to locate a qualified successor or (b) the Issuer, at its option, notifies the Trustee in writing that it elects to cause the issuance of the Definitive Notes or (c) after the occurrence and during the continuation of an Event of Default, Note Owners (other than the Parent or any affiliate thereof) evidencing more than 50% of the then Outstanding Note Balance of the Global Notes advise the Trustee and DTC through the DTC Participants in writing that the continuation of a book-entry system with respect to such Global Notes through DTC is no longer in the best interest of such Note Owners.

In addition, beneficial interests in a Global Note may be exchanged for Definitive Notes upon prior written notice given to the Trustee by or on behalf of DTC in accordance with the Indenture. In all cases, Definitive Notes delivered in exchange for any Global Note or beneficial interests in Global Notes will be registered in the names, and issued in any

approved denominations, requested by or on behalf of the depositary (in accordance with its customary procedures) and will bear the applicable restrictive legend referred to in "*Notice to Investors*," unless that legend is not required by applicable law.

Exchange of Definitive Notes for Global Notes

Definitive Notes may not be exchanged for beneficial interests in any Global Note unless the transferor first delivers to the Trustee a written certificate (in the form provided in the Indenture) to the effect that such transfer will comply with the appropriate transfer restrictions applicable to such notes. The Trustee will be permitted to request such evidence reasonably satisfactory to it documenting the identity and/or signatures of the transferor and transferee, with such signature guaranteed by an "eligible guarantor institution" meeting the requirements of the registrar, which requirements include membership or participation in STAMP or such other "signature guarantee program" as may be determined by the registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended. See "*Notice to Investors*."

Exchanges Between Regulation S Global Notes and Rule 144A Global Notes

Beneficial interests in the Regulation S Permanent Global Note may be exchanged for beneficial interests in the Rule 144A Global Note only if:

(1) such exchange occurs in connection with a transfer of the Notes pursuant to Rule 144A; and

(2) the transferor first delivers to the Trustee a written certificate (in the form provided in the Indenture) to the effect that the Notes are being transferred to a Person:

    (a) who the transferor reasonably believes to be a Qualified Institutional Buyer within the meaning of Rule 144A;

    (b) purchasing for its own account or the account of a Qualified Institutional Buyer in a transaction meeting the requirements of Rule 144A; and

    (c) in accordance with all applicable securities laws of the states of the United States and other jurisdictions.

Beneficial interests in a Rule 144A Global Note may be transferred to a Person who takes delivery in the form of an interest in a Regulation S Global Note, whether before or after the expiration of the Restricted Period, only if the transferor fulfills the transfer requirements in the Indenture, including but limited to first delivering to the Trustee a written certificate (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with Rule 903 or 904 of Regulation S or Rule 144 (if available) and that, if such transfer occurs prior to the expiration of the Restricted Period, the interest transferred will be held immediately thereafter through Euroclear or Clearstream.

Transfers involving exchanges of beneficial interests between the Regulation S Permanent Global Notes and the Rule 144A Global Notes will be effected by DTC by means of an instruction originated by the Trustee through the DTC Deposit/Withdraw at Custodian system. Accordingly, in connection with any such transfer, appropriate adjustments will be made to reflect a decrease in the principal amount of the applicable Regulation S Permanent Global Note and a corresponding increase in the principal amount of the Rule 144A Global Note or vice versa, as applicable. Any beneficial interest in one of the Global Notes that is transferred to a Person who takes delivery in the form of an interest in another Global Note will, upon transfer, cease to be an interest in such Global Note and will become an interest in the other Global Note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interests in such other Global Note for so long as it remains such an interest. The policies and practices of DTC may prohibit transfers of beneficial interests in a Regulation S Temporary Global Note prior to the expiration of the Restricted Period.

Interest

Interest will accrue on each Class of Series 2019-1 Notes at the applicable Note Rate and be payable on each Payment Date pursuant to the Priority of Payments. With respect to each Payment Date (other than the first Payment Date, for which interest will be adjusted based on the number of days between the Closing Date and such Payment Date, calculated on a 30/360 basis), the "**Accrued Interest**" for each Class of Series 2019-1 Notes will be an amount equal to (i) the product of (x) 1/4, (y) the applicable Note Rate for such Class and (z) the Outstanding Note Balance for such Class of

Series 2019-1 Notes as of the close of business on the first day of such Interest Accrual Period, *plus* (ii) the amount of Accrued Interest for such Class of Series 2019-1 Notes remaining unpaid from prior Payment Dates, with interest on such amount at the Note Rate. The "**Interest Accrual Period**" is, with respect to any Payment Date, the period beginning on the 15th day of the prior month and ending on the 14th day of the month in which such Payment Date occurs, except that the first Interest Accrual Period will begin on the Closing Date and continue up to and including June 14, 2019. Interest on the Series 2019-1 Notes will be calculated on the basis of a 360-day year consisting of twelve 30-day months.

Principal

The Note Balance, with respect to any date of determination, is equal to its Initial Note Balance minus all distributions in respect of principal that were actually paid to the holder(s) of such Note. The aggregate Note Balance for the Notes of any particular Class of Notes is referred to in this Offering Memorandum as the "**Class Principal Balance**" of such Class of Notes. The aggregate Note Balances of all Notes outstanding as of any date of determination is the "**Outstanding Note Balance**", *provided, however,* to the extent that for purposes of consents, approvals, voting or other similar act of the Noteholders under any of the Transaction Documents, "Outstanding Note Balance" will exclude Notes which are held by the Issuer or any Affiliate of the Issuer or any entity consolidated in Manager's consolidated financial statements.

Principal will be payable on each Class of Series 2019-1 Notes on each Payment Date in amounts required to bring the Class Principal Balance of each Class of Series 2019-1 Notes to the applicable balance set forth on Schedule A to this Offering Memorandum (each such balance, a "**Scheduled Principal Balance**"). In the event of a prepayment of the Notes due to acceleration following an Event of Default, the occurrence and continuance of an Early Amortization Event or an Optional Prepayment of any Class of Series 2019-1 Notes, the Issuer will deliver a revised schedule of Scheduled Principal Balances reducing each Scheduled Principal Balance by an amount equal to the product of (i) the current Scheduled Principal Balance for such Class before such adjustment is made and (ii) a fraction, the numerator of which is the Class Principal Balance for such Class after payments were made on the immediately preceding Payment Date pursuant to the Priority of Payments and the denominator of which is the prior Scheduled Principal Balance for such Class before such adjustment is made.

On each Payment Date, the Issuer will make Scheduled Principal Payments to each Class of Series 2019-1 Notes pursuant to the Priority of Payments. A "**Scheduled Principal Payment** means with respect to any Class of Series 2019-1 Notes, the amount needed to reduce Class Principal Balance of such Class to the Scheduled Principal Balance for such Payment Date. On each Payment Date, the Issuer will make a Scheduled Principal Payment on each class of Series 2019-1 Notes pursuant to the Priority of Payments.

To the extent that there are insufficient funds to make the required Scheduled Principal Payments in full pursuant to the Priority of Payments on any Payment Date, the remaining amount of such principal will be due and payable in accordance with the Priority of Payments on each Payment Date thereafter until paid in full with interest thereon at the Note Rate. The failure to make a Scheduled Principal Payment on any Payment Date prior to the Stated Maturity Date because of insufficient funds for such purpose in accordance with the Priority of Payments on such Payment Date will not be an Event of Default. If principal in excess of the Scheduled Principal Payment with respect to any Payment Date is paid on such Payment Date following the occurrence and continuation of an Event of Default, a Series 2019-1 Early Amortization Event or a Manager Default pursuant to clauses (vi) and (ix) of the Priority of Payments and such event is subsequently cured or waived, the Scheduled Principal Payments required to be paid on each Payment Date thereafter will be reduced on a *pro rata* basis in an amount equal to such excess.

Payments on Notes

The Issuer will make payments on a Note to the registered holder of the Note on the Record Date established for the related Payment Date. Payments on the Notes will be made on the 15th day of March, June, September and December, commencing in June 2019, or, if such day is not a Business Day, the Business Day immediately following such day (each such date, a "**Payment Date**"). The "**Record Date**" with respect to any Payment Date will be the close of business on the last Business Day of the month immediately preceding the month in which such Payment Date occurs. The Outstanding Note Balance and Accrued Interest on the Notes will be payable in full on the Payment Date occurring on June 15, 2044 (the "**Stated Maturity Date**").

Priority of Payments

On each Payment Date, the Trustee will distribute all Series 2019-1 Available Funds in the following order of priority (the "**Priority of Payments**"):

(i) sequentially, in the following order of priority,

(A) to the Trustee, accrued and unpaid Trustee Fees allocable to the Series 2019-1 Notes with respect to such Payment Date and any prior Payment Dates, and *then*

(B) if an Event of Default has occurred and is continuing, to the Trustee, in respect of reimbursement of accrued and unpaid Trustee Fees with respect to such Payment Date and any prior Payment Dates, plus all fees, expenses, indemnities and other amounts due and payable to the Trustee allocable to the Series 2019-1 Notes, including any and all fees, expenses, indemnities and other amounts payable to or incurred by the Trustee in connection with the performance of its duties under the Indenture relating to such Event of Default; and *then*

(C) to the Manager, accrued and unpaid Manager Fees allocable to the Series 2019-1 Notes with respect to such Payment Date and any prior Payment Dates, and *then*

(D) to the Manager, any outstanding Advances that were advanced with respect to a SHREC *plus* interest on such amounts at the Advance Interest Rate, and *then*

(E) if no Event of Default has occurred and is continuing, to the Trustee, in respect of reimbursement of accrued and unpaid expenses, indemnities and other amounts due and payable to the Trustee allocable to the Series 2019-1 Notes subject to the Indemnification Cap; and *then*

(ii) to the Holders of the Series 2019-1 Class A Notes in respect of interest *pro rata* based on the amount of Accrued Interest with respect to such Payment Date; and *then*

(iii) if no Sequential Interest Amortization Event has occurred and is continuing, to the Holders of the Series 2019-1 Class B Notes in respect of interest *pro rata* based on the amount of Accrued Interest with respect to such Payment Date; and *then*

(iv) to the Series 2019-1 Liquidity Reserve Account, the amount required to maintain on deposit in the Series 2019-1 Liquidity Reserve Account the Series 2019-1 Liquidity Reserve Required Amount for such Payment Date; and *then*

(v) to the Holders of the Series 2019-1 Class A Notes in respect of principal on the Series 2019-1 Class A Notes *pro rata* based on their respective Note Balances in an amount equal to the Scheduled Principal Payment for the Series 2019-1 Class A Notes for such Payment Date; and *then*

(vi) if a Series 2019-1 Early Amortization Event or Sequential Interest Amortization Event has occurred and is continuing, to the Holders of the Series 2019-1 Class A Notes in respect of principal on the Series 2019-1 Class A Notes *pro rata* based on their respective Note Balances until the Class Principal Balance for the Series 2019-1 Class A Notes has been reduced to zero; and *then*

(vii) if a Series 2019-1 Sequential Interest Amortization Event has occurred and is continuing, to the Holders of the Series 2019-1 Class B Notes in respect of interest *pro rata* based on the amount of Accrued Interest with respect to such Payment Date; and *then*

(viii) to the Holders of the Series 2019-1 Class B Notes in respect of principal on the Series 2019-1 Class B Notes *pro rata* based on their respective Note Balances in an amount equal to the Scheduled Principal Payment for the Series 2019-1 Class B Notes for such Payment Date; and *then*

(ix) if a Series 2019-1 Early Amortization Event has occurred and is continuing, to the Holders of the Series 2019-1 Class B Notes in respect of principal on the Series 2019-1 Class B Notes *pro rata* based on their respective Note Balances until the Class Principal Balance for the Series 2019-1 Class B Notes has been reduced to zero;

(x) to the Trustee, in respect of reimbursement of accrued and unpaid expenses, indemnities and other amounts allocable to the Series 2019-1 Collateral that are in excess of the Indemnification Cap; and *then*

(xi) to the collection account for any other Series of Notes *pro rata* to cover shortfalls in respect of the clauses of such priority of payments for such Series of Notes substantially equivalent to clauses (i)-(x) in in the Priority of Payments; and *then*

(xii) to the Manager to pay the Discretionary Subordinate Management Fee; and *then*

(xiii) to the holders of the equity interests of the Issuer, all remaining amounts.

"**Series 2019-1 Available Funds**" means, for any Payment Date, the sum, without duplication, of (i) Series 2019-1 Collections and all other amounts received into the Series 2019-1 Collection Account during the related Collection Period (including available Collections in the Series 2019-1 Issuer Lockbox Account), (ii) all amounts on deposit in the Series 2019-1 Liquidity Reserve Account and (iii) any investment income on amounts on deposit in the Series 2019-1 Trust Accounts during such Collection Period; *provided* that any Ineligible SHREC Deposit Amounts will not constitute Series 2019-1 Available Funds. Available funds for future Series of Notes will be defined in the related Series Indenture Supplement and are referred to herein collectively with the Series 2019-1 Available Funds as "**Available Funds**".

For any Collection Period, "**Series 2019-1 Collections**" will be the amount collected by the Issuer or the Manager during such Collection Period with respect to the SHREC Receivables related to the Series 2019-1 Collateral whether as SHREC Tranche purchase proceeds, deposits of any Ineligible SHREC Deposit Amounts, amounts from the Manager in respect of Ineligible SHRECs related to the Series 2019-1 Collateral pursuant to the Management Agreement, or any liquidation proceeds (net of related expenses to the extent not previously funded as Advances), indemnity payments or otherwise. Collections with respect to future Series of Notes will be defined in the related Series Indenture Supplement and are referred to herein collectively with the Series 2019-1 Collections as the "**Collections**".

The "**Indemnification Cap**" for all indemnity payments and certain transaction expenses due and owing with respect to the Trustee pursuant to clause (i) of the Priority of Payments is, prior to the occurrence of an Event of Default, collectively, subject to an aggregate maximum amount of $35,000 per annum. Any amounts due to the Trustee that are subject to the Indemnification Cap will be distributed to the Trustee pursuant to clause (i) of the Priority of Payments, as applicable, until the Indemnification Cap is reached. After the Indemnification Cap is reached, all such amounts owed to the Trustee above the Indemnification Cap will be paid pursuant to clause (x) of the Priority of Payments. After the occurrence of an Event of Default that is continuing, the Indemnification Cap will not apply and any and all amounts in respect of fees, expenses, indemnities and other amounts incurred by the Trustee in connection with the performance of its duties after the occurrence and continuance of an Event of Default will be distributed to the Trustee pursuant to clause (i) of the Priority of Payments.

Additional Notes

The Issuer may at any time and from time to time issue one or more Series of Notes that may be comprised of one more Classes of Notes ("**Additional Notes**") pursuant to a Series Indenture Supplement in each case subject to the satisfaction of the applicable conditions set forth in the Indenture, including that: (A) the Series 2019-1 SIAE Debt Service Coverage Ratio after giving effect to such issuance (and any concurrent acquisition of any Additional SHRECs and any concurrent repayment of Notes) is equal to or greater than 1.20x (B) the Issuer receives an opinion of counsel (which opinion may contain similar assumptions and qualifications as are contained in the opinion of counsel with respect to the tax treatment of the Series 2019-1 Notes delivered on the Closing Date) to the effect that the issuance of such Additional Notes will not, for United States federal income tax purposes, (x) cause any of the Notes to be deemed to have been exchanged for a new debt instrument, (y) cause the Issuer to be taxable as other than a partnership or disregarded entity or (z) cause any of the Notes that were characterized as indebtedness at the time of issuance to be characterized as other than indebtedness and (C) the Rating Agency Condition is satisfied. Further, the Issuer may, but is not obligated to, issue additional Notes of an existing Series or Class if such Notes are fungible with the applicable Series or Class of Notes for U.S. federal income tax purposes subject to the other provisions for Additional Notes described herein.

Issuer Representations

In the Indenture, the Issuer will represent as follows:

(i) The Issuer is a Delaware limited liability company duly created and validly existing under the laws governing its creation. The Issuer has taken all necessary action to authorize the execution, delivery and performance of the Indenture by it and has the power and authority to execute, deliver and perform the Indenture and all the transactions contemplated thereby, including, but not limited to, the power and authority to grant to the Trustee a security interest in and to transfer the SHRECs and the other property granted to the Trustee thereunder in accordance with the Indenture;

(ii) Assuming the due authorization, execution and delivery of the Indenture by each other party thereto, the Indenture and all of the obligations of the Issuer thereunder are the legal, valid and binding obligations of the Issuer, enforceable in accordance with the terms of the Indenture, except as such enforcement may be limited by bankruptcy, insolvency, reorganization, receivership, moratorium or other laws relating to or affecting the rights of creditors generally and by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law);

(iii) The execution and delivery of the Indenture and the performance of its obligations thereunder by the Issuer will not conflict with any provision of any law or regulation to which the Issuer is subject, or conflict with, result in a breach of or constitute a default under any of the terms, conditions or provisions of the Indenture, any other Transaction Document or any other agreement or instrument to which the Issuer is a party or by which it is bound, or any order or decree applicable to the Issuer, in each case in any material respect, or result in the creation or imposition of any lien on any of the Issuer's assets or property (other than pursuant to the Indenture). No consent, approval, authorization or order of any court or governmental agency or body which has not been obtained is required for the execution, delivery and performance by the Issuer of the Indenture;

(iv) There is no action, suit or proceeding pending or, to the knowledge of the Issuer, overtly threatened against the Issuer in any court or by or before any other governmental agency or instrumentality which, if adversely determined, would materially adversely affect the transactions contemplated by the Indenture and the other Transaction Documents;

(v) The Indenture creates a valid and continuing first priority, perfected security interest or lien in the Collateral in favor of the Trustee, which security interest or lien is prior to all other security interests or liens in the Collateral;

(vi) (i) Other than the security interest granted by the Issuer to the Trustee under the Indenture, the Issuer has not pledged, assigned, sold, granted a security interest in, or otherwise conveyed any of the Collateral. The Issuer has not authorized the filing of, nor are the Issuer aware of, any financing statement against any Parent or the Issuer that includes a description of collateral covering any portions of the Collateral other than (i) the financing statements prepared in connection with the Transaction Documents or (ii) financing statements that have been terminated; and

(vii) The Issuer is not aware of any judgment against the Parent or the Issuer.

Issuer Covenants

In the Indenture, the Issuer will covenant, for so long as any Notes remain outstanding, not to:

(i) sell, transfer, exchange or otherwise dispose of any portion of the Collateral except as expressly permitted by the Indenture;

(ii) make any deduction from the principal of, or interest on, any of the Notes by reason of the payment of any taxes levied or assessed upon any portion of the Collateral;

(iii) engage in any business or activity other than in connection with, or relating to, the issuance of Notes pursuant to the Indenture, or the carrying out of the activities specifically permitted by the Issuer LLC Agreement and its organizational documents, as in effect on the Closing Date;

(iv) incur, assume or guaranty any indebtedness of any person, except for the Notes;

(v) dissolve or liquidate in whole or in part;

(vi) merge or consolidate with any person other than an Affiliate of the Issuer; any such merger or consolidation with such Affiliate to be subject to the following conditions: (A) the surviving or resulting entity is organized under the laws of the United States or any State and the appropriate organizational documents of such entity contains the same restrictions as are contained in the Issuer's organizational documents; (B) the surviving or resulting entity (if other than the Issuer) expressly assumes by a supplemental indenture all of the Issuer's obligations under the Transaction Documents, (C) immediately after consummation of the merger or consolidation no Event of Default exists thereunder, (D) the Issuer has delivered to the Trustee an officer's certificate and an opinion of counsel, each stating that such merger or consolidation and such supplemental indenture, if any, comply with this paragraph and that all conditions precedent provided for in this Offering Memorandum relating to such transaction have been complied with, and (E) notice of such merger or consolidation has been provided to each Rating Agency then rating the Notes;

(vii) permit the validity or effectiveness of the Indenture or any grant thereunder to be impaired, or permit the lien of the Indenture to be amended, hypothecated, subordinated, terminated or discharged with respect to any of the Notes, or permit any person to be released from any covenants or obligations with respect to any Notes under the Indenture, except as may be expressly permitted by the Indenture;

(viii) permit any lien, charge, security interest, mortgage or other encumbrance (other than the lien of the Indenture) to be created on or extend to or otherwise arise upon or burden the Collateral or any part of the Collateral or any interest in the Collateral or the proceeds of the Collateral;

(ix) permit the lien of the Indenture not to constitute a valid first priority security interest in the Collateral; and

(x) take any action or fail to take any action which may cause the Issuer to be taxable as (A) an association pursuant to Section 7701 of the Code and the corresponding regulations or (B) a publicly traded partnership taxable as a corporation pursuant to Section 7704 of the Code and the corresponding regulations.

Limited Recourse to the Issuer; Security for the Series 2019-1 Notes

The Series 2019-1 Collateral provides the only source of payment of principal of or interest on the Series 2019-1 Notes. Series 2019-1 Noteholders will have no recourse to any other assets or any other person for the payment of principal of or interest on the Series 2019-1 Notes. See "*The Collateral*" in this Offering Memorandum. The Series 2019-1 Collateral also secures fees and reimbursement of expenses and indemnities owing to the Trustee.

Credit Enhancement

Credit enhancement for the Series 2019-1 Notes is the excess of (a) to the extent received, all Collections with respect to the SHRECs *plus* all amounts on deposit in the Series 2019-1 Liquidity Reserve Account *over* (b) the Outstanding Note Balance and amounts payable in item (i) of the Priority of Payments. In addition, (i) Series 2019-1 Class B Noteholders will not receive Accrued Interest on the Series 2019-1 Class B Notes on any Payment Date until the Series 2019-1 Class A Noteholders have received all Accrued Interest due to the Series 2019-1 Class A Notes on such Payment Date, (ii) during the occurrence of an Event of Default or a Series 2019-1 Early Amortization Event that is continuing, the Series 2019-1 Class B Notes will be subordinated in right of payment of principal to the Series 2019-1 Class A Notes and (iii) during the occurrence of a Series 2019-1 Sequential Interest Amortization Event that is continuing, the Series 2019-1 Class B Notes will be subordinated in right of payment of interest and principal to the Series 2019-1 Class A Notes.

Series 2019-1 Early Amortization Event

A "**Series 2019-1 Early Amortization Event**" will have occurred and be continuing with respect to the Series 2019-1 Notes for any Payment Date if (a) the Series 2019-1 EAE DSCR as of related Determination Date is less than or equal to 1.10x, (b) if an Event of Default has occurred and is continuing on such Payment Date or (c) a Manager Default has occurred on or prior to and is continuing on such Payment Date. For the avoidance of doubt, a Series 2019-1 Early Amortization Event that does not arise from an existing Event of Default will not itself trigger an Event of Default.

The "**Series 2019-1 EAE Debt Service Coverage Ratio**" or "**Series 2019-1 EAE DSCR**" means, with respect to the Series 2019-1 Notes as of any Determination Date, the ratio of (A) the sum of the Series 2019-1 Available Funds for the

related Payment Date and the immediately preceding Payment Date (in each case, excluding for the purposes of this calculation amounts on deposit in the Series 2019-1 Liquidity Reserve Account), less the sum of (x) all amounts payable pursuant to clause (i) of the Priority of Payments on the related Payment Date and (y) all amounts paid pursuant to clause (i) of the Priority of Payments on the immediately preceding Payment Date to (B) the sum of (x) the Accrued Interest and Scheduled Principal Payments that the Issuer will be required to pay on the related Payment Date and (y) the Accrued Interest and Scheduled Principal Payments that the Issuer was required to pay on the immediately preceding Payment Date on the principal balance of the Series 2019-1 Notes outstanding as of such Determination Date.

On any Payment Date on which a Series 2019-1 Early Amortization Event has occurred and is continuing, amounts on deposit in the Series 2019-1 Liquidity Reserve Account will be released by the Trustee into the Series 2019-1 Collection Account up to an amount needed to pay the Accrued Interest on the Series 2019-1 Notes for such Payment Date pursuant to the Priority of Payments. For the avoidance of doubt, a Series 2019-1 Early Amortization Event that occurs pursuant to clause (a) or clause (c) of the definition of "Series 2019-1 Early Amortization Event" will not constitute an Event of Default.

Series 2019-1 Sequential Interest Amortization Event

A "**Series 2019-1 Sequential Interest Amortization Event**" will have occurred and be continuing with respect to the Series 2019-1 Notes for any Payment Date if (a) the Series 2019-1 SIAE DSCR as of related Determination Date is less than or equal to 1.00x. For the avoidance of doubt, a Series 2019-1 Sequential Interest Amortization Event will not constitute an Event of Default.

The "**Series 2019-1 SIAE Debt Service Coverage Ratio**" or "**Series 2019-1 SIAE DSCR**" means, with respect to the Series 2019-1 Notes as of any Determination Date, the ratio of (A) the Series 2019-1 Available Funds for the related Payment Date (excluding for the purposes of this calculation amounts on deposit in the Series 2019-1 Liquidity Reserve Account), *less* all amounts payable pursuant to clause (i) of the Priority of Payments on the related Payment Date to (B) the sum of (x) the Accrued Interest and Scheduled Principal Payments that the Issuer will be required to pay on the related Payment Date.

On any Payment Date on which a Series 2019-1 Sequential Interest Amortization Event has occurred and is continuing, Available Funds will be used to reduce the outstanding principal balances of the Series 2019-1 Notes until the Class Principal Balances of each such Class is zero, pursuant to the Priority of Payments. In addition, on any Payment Date on which a Series 2019-1 Sequential Interest Amortization Event has occurred and is continuing, no interest will be paid to the Holders of the Series 2019-1 Class B Notes until the Note Amount of the Series 2019-1 Class A Notes has been reduced to zero. For the avoidance of doubt, a Series 2019-1 Sequential Interest Amortization Event will not constitute an Event of Default.

Events of Default

Each of the following events is an event of default (each, an "**Event of Default**") under the Indenture:

(i) the failure by the Issuer to pay Available Funds pursuant to the Priority of Payments within two (2) Business Days of each Payment Date;

(ii) the failure by the Issuer to pay all Accrued Interest to the Noteholders within two (2) Business Days of each Payment Date, which, for the avoidance of doubt, does not include Accrued Interest on the Series 2019-1 Class B Notes when a Series 2019-1 Sequential Interest Amortization Event has occurred and is continuing;

(iii) the failure by the Issuer to pay the Outstanding Note Balance and all Accrued Interest (including Accrued Interest on the Series 2019-1 Class B Notes when a Series 2019-1 Sequential Interest Amortization Event has occurred and is continuing) on or prior to the Stated Maturity Date;

(iv) the failure to cure any material breach of a covenant of the Issuer within 30 days (or the required cure period under the Transaction Documents, whichever is shorter) of the Issuer's or the Manager's actual knowledge of such breach or their receipt of written notice of such breach;

(v) a representation or warranty of the Issuer (other than any representation or warranty related to a SHREC being an Eligible SHREC Asset) is breached in a material respect and not cured within 30 days (or the

required cure period under the Transaction Documents, whichever is shorter) of the Issuer's or the Manager's actual knowledge of such breach or their receipt of written notice of such breach;

(vi) any events of bankruptcy, insolvency, receivership or liquidation of the Issuer;

(vii) one or more final, non-appealable judgment(s) against the Issuer (if not stayed or bonded) in excess of $1,000,000 individually or in the aggregate;

(viii) the Issuer is required to register as an "investment company" under the Investment Company Act;

(ix) any Transaction Document is terminated (other than in accordance with its terms) or ceases to be in full force and effect which has a material adverse effect on the Issuer or its ability to make payments on the Notes;

(x) any license, consent, authorization, registration or approval necessary to enable the Issuer to comply with any of its obligations under the Transaction Documents is revoked, withdrawn or withheld, or is modified or amended in a manner which is materially adverse to the interests of the Noteholders, in each case, that is not remedied within 30 days after the earlier of the Issuer's or the Manager's discovery of or receipt of written notice of such action;

(xi) any of the Master Purchase Agreements ceases to be in full force and effect or is challenged by a Utility as a defense to payment;

(xii) the assignment by the Issuer of its rights under any Transaction Document (other than in accordance with its terms); or

(xiii) the failure to maintain in favor of the Trustee (for the benefit of the Trustee, the Manager and the Noteholders) a first priority, perfected security interest in the Collateral.

Upon the occurrence of an Event of Default of which a responsible officer of the Trustee has written notice of, after giving effect to any applicable notice and cure periods, which is not waived by Noteholders representing more than 66 2/3% of the then Outstanding Note Balance of the Notes across all Series (the "**Noteholder Majority**"), the Trustee (a) may (and will, if so directed by the Noteholder Majority) accelerate the payment of the Notes and all other amounts due and payable and (b) will, if so directed by the Noteholder Majority, exercise any other typical default remedies, including but not limited to exercising its rights against the related Collateral; *provided* that in the event of the bankruptcy, insolvency, receivership or reorganization of the Issuer, the Notes and all other amounts due and payable will be automatically accelerated without any declaration or other act on the part of the Trustee or any Noteholder. Without receiving prior written consent from each Noteholder, the Trustee will not liquidate the related Collateral for an amount less than the Outstanding Note Balance *plus* all Accrued Interest on such balance.

Supplemental Indentures

The parties to the Indenture, at any time and from time to time, may enter into one or more supplemental indentures, without notice to or the consent of any of the Noteholders, to, among other things, (i) correct or amplify the description of any property at any time subject to the lien of the Indenture, or to better assure, convey and confirm unto the Trustee any property subject or required to be subjected to the lien of the Indenture; (ii) evidence and provide for the acceptance of appointment thereunder by a successor Trustee with respect to the Notes and to add to or change any of the provisions of the Indenture as will be necessary to provide for or facilitate the administration of the trusts under the Indenture by more than one Trustee pursuant to the requirements of the Indenture, or (iii) cure any ambiguity, correct or supplement any provision of the Indenture, conform the Indenture to this Offering Memorandum, or make any other provisions with respect to matters or questions arising under the Indenture; *provided* that any such action pursuant to clauses (i) or (iii) of this sentence does not adversely affect, in any material respect, the interests of any Noteholder based upon an opinion of counsel to the Issuer addressed to the Trustee. Prior to entering into any supplemental indenture without the consent of the Noteholders, the Trustee will make available, at least five Business Days prior to the effectiveness of such supplemental indenture, to each Noteholder and the Rating Agency a copy of any such supplemental indenture delivered to it. The Trustee will execute any supplemental indenture and may expressly rely on any opinion of counsel in connection with any such supplemental indenture to the effect that such supplemental indentures are authorized or permitted by the terms of the Indenture and that all conditions precedent thereto, if any, have been satisfied. In determining whether or not an amendment materially adversely affects the interests of the Noteholders, such opinion of counsel may conclusively rely on (i) satisfaction of the Rating Agency Condition, or (ii) an officer's certificate of the Issuer confirming that provisions of such supplemental indenture do not materially adversely affect the interests of the Noteholders.

The parties to the Indenture, at any time and from time to time, may also enter into one or more indentures supplemental with the consent of the Noteholder Majority for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the Indenture, or of modifying in any manner the rights of the Noteholders; *provided*, however, that no such supplemental indenture may, without the consent of each affected Noteholder, (i) change the Stated Maturity Date of any Note or the amount of principal payments or interest payments due or to become due on any Payment Date with respect to any Note, or change the Priority of Payments as set forth in the Indenture, or reduce the principal amount of any Note or the Note Rate on such amount, or change the place of payment where, or the coin or currency in which, any Note or the interest on such Note is payable, or impair the right to institute suit for the enforcement of any such payment on or after the Stated Maturity Date of any Note, (ii) reduce the required percentage of the Outstanding Note Balance that must be represented by voting on whether to enter into any supplemental indenture or to waive compliance with certain provisions of the Indenture or Events of Default and their consequences, (iii) modify any of the provisions of any section of the Indenture relating to supplemental indentures with the consent of Noteholders or waivers of Events of Default, except to increase any percentage of Noteholders required for any modification or waiver or to provide that certain other provisions of the Indenture cannot be modified or waived without the consent of the Holders of each outstanding Note affected thereby, (iv) modify or alter the provisions of the proviso to the term "Outstanding" as such term is defined in the Indenture, or (v) permit the creation of any lien ranking prior to or on a parity with the lien of the Indenture with respect to any part of the Collateral or terminate (except as provided for in the Indenture) the lien of the Indenture on any property at any time subject thereto or deprive any Noteholder of the security afforded by the lien of the Indenture. The Trustee may expressly rely on an opinion of counsel in connection with any such supplemental indentures to the effect that such supplemental indentures are authorized or permitted by the terms of the Indenture and that all conditions precedent thereto, if any, have been satisfied. The Trustee will make available to each Noteholder and the Rating Agency a copy of any supplemental indenture as soon as reasonably practicable.

Rights of Noteholders

The Indenture provides that the holders of the Notes evidencing not less than 25% of the then Outstanding Note Balance have the right to institute a suit, action or proceeding with respect to the Indenture if such holders have made a written request upon the Trustee to institute such suit, action or proceeding in its own name and offered to the Trustee indemnity reasonably satisfactory to it for costs, expenses and liabilities, and the Trustee, for sixty (60) days after its receipt of such notice, will have neglected or refused to institute any such action, suit or proceeding and no direction inconsistent with such written request has been given to the Trustee during such 60-day period by the holders holding a majority of the then Outstanding Note Balance.

Reports to Noteholders

The Trustee will prepare a quarterly report (the "**Payment Date Report**") substantially in the form attached to the Indenture and which will be based upon the information provided by the Manager in the related Quarterly Manager Report and will include, among other things, amounts on deposit in each Series 2019-1 Trust Account, the Outstanding Note Balance, Accrued Interest on each Class of Notes, the distributions to be made pursuant to the Priority of Payments on such Payment Date and certain Collateral information. The Payment Date Reports will be made available to Noteholders via the Trustee's internet website (https://gctinvestorreporting.bnymellon.com) with the use of a password provided by the Trustee. The Trustee may require registration, evidence of ownership, and the acceptance of a disclaimer in connection with providing access to the Trustee's internet website. The Trustee is not liable for the dissemination of information made in accordance with the Indenture. The Trustee makes no representations or warranties as to the accuracy or completeness of, and may disclaim responsibility for, any information made available by the Trustee for which it is not the original source.

Optional Prepayment

Optional prepayment of the Series 2019-1 Notes is permitted at any time in whole or in part (an "**Optional Prepayment**") on any Business Day at the option of the Issuer; *provided* that if such Optional Prepayment occurs prior to the Clean-Up Call Trigger Date (as defined below), it is accompanied by any applicable Prepayment Consideration and, if such prepayment occurs on any day other than a Payment Date, is accompanied by payment of interest that would have accrued on the amount prepaid through the last day of the then-current Interest Accrual Period. Partial prepayments will be applied to the Classes of all Series 2019-1 Notes in direct order of alphabetical designation. The Optional Prepayment exercise price will equal the sum of (i) the Outstanding Note Balance for the Notes of such Series being prepaid plus all Accrued Interest on such amount through the prepayment date, (ii) the Prepayment Consideration, and (iii) if such Notes are the only Notes Outstanding at such time (and a new Series of Notes will not be issued simultaneously with the

redemption of such Series) all amounts due and owing to the Manager and the Trustee (the "**Prepayment Price**") as of the prepayment date.

"**Prepayment Consideration**" means, with respect to any prepayment of the principal balance of a Series 2019-1 Note, an amount that is equal to the excess, if any, of (x) the present value on the date of such prepayment (by acceleration or otherwise) of the sum of the principal payments allocable to such Series 2019-1 Note and interest that the Issuer would otherwise be required to pay on the prepaid portion of such Series 2019-1 Note from the date of such prepayment to and including the date on which the Scheduled Principal Balance for such Series 2019-1 Note is expected to be less than or equal to 10% of the Initial Note Balance of such Series 2019-1 Note (taking into account any adjustments to the schedule of Scheduled Principal Balances based on previous prepayments of such Series 2019-1 Note), applicable to such Series 2019-1 Note absent such prepayment and assuming that quarterly payments of principal on such Series 2019-1 Notes are made based upon the Scheduled Principal Payments required to be made for such Series 2019-1 Notes, if any (and with interest calculated under clause (x) above calculated based on the principal balance of such Series 2019-1 Notes as reduced by each such principal payment), with such present value determined by the use of a discount rate equal to the sum of (a) the yield to maturity (adjusted to a "mortgage equivalent basis" pursuant to the standards and practices of the Securities Industry and Financial Markets Association), on the date of such prepayment for such Series 2019-1 Note of the United States Treasury Security having the term to maturity closest to such Payment Date, plus (b) 0.50% over (y) the principal amount of such Series 2019-1 Note being prepaid on the date of such prepayment. Any Prepayment Consideration for any Class of Series 2019-1 Notes of a Series being prepaid will be paid *pro rata* to the holders of such Series 2019-1 Notes of such Class in proportion to the principal balance of such Series 2019-1 Notes of such Class being so prepaid.

Clean-Up Call Redemption

On any Payment Date after the Outstanding Note Balance of a Series has been reduced to less than 10% of the aggregate Initial Note Balance of all of the Notes of such Series (such balance the "**Aggregate Initial Note Balance**" and such date the "**Clean-Up Call Trigger Date**"), the Issuer may cause the early redemption of the Notes of such Series (a "**Clean-Up Call Redemption**"). The Clean-Up Call Redemption exercise price will equal the sum of (i) the Outstanding Note Balance for all Notes of such Series *plus* all Accrued Interest on such amount through the redemption date, and (ii) if such Series is the only Series of Notes Outstanding at such time (and a new Series of Notes will not be issued simultaneously with the redemption of such Series) all amounts due and owing to the Manager and the Trustee (the "**Clean-Up Call Redemption Price**") as of the redemption date.

Governing Law

The Indenture will be governed by the laws of the State of New York.

DESCRIPTION OF THE SALE AND CONTRIBUTION AGREEMENT

General

The following summary describes certain terms of the Sale and Contribution Agreement entered into by the Parent and the Issuer on the Closing Date (the "**Sale and Contribution Agreement**") pursuant to which the Parent will sell and/or contribute the SHREC Assets to the Issuer on each Transfer Date. This summary does not purport to be complete and is qualified in its entirety by reference to the provisions of the Sale and Contribution Agreement.

With respect to the Initial SHRECs or any Additional SHRECs, the date on which such SHREC is contributed and sold by the Parent to the Issuer pursuant to the Sale and Contribution Agreement will be referred to herein as a "**Transfer Date**", which will be the Closing Date in the case of the initial SHRECs contributed by the Parent to the Issuer (the "**Initial SHRECs**") pursuant to the Sale and Contribution Agreement.

Assignment of the SHREC Assets

On the Closing Date and from time to time on a Transfer Date, the Parent will sell, transfer, convey, contribute and assign to the Issuer all of the Parent's right, title and interest in, to and under the relevant SHREC Assets to be transferred on such Transfer Date, including all collections on or with respect to such SHREC Assets due on or after the related Cut-Off Date. The purchase price paid to the Parent on the Closing Date will be an amount equal to sum of (i) the Closing Date Cash Purchase Price for such SHREC Assets and (ii) an increase in the value of the Parent's equity interest in the Issuer.

The Parent will mark its books, records, and computer files to make clear that such SHREC Assets have been sold and/or contributed by it to the Issuer.

The "**Closing Date Cash Purchase Price**" will be the portion of the total purchase price for each SHREC that is paid in cash to the Parent and will be equal to the net cash proceeds of the Series 2019-1 Notes on the Closing Date.

Eligibility Criteria

Pursuant to the terms of the Sale and Contribution Agreement, the Parent will make certain representations and warranties with respect to itself to the Issuer. The Parent will represent that each SHRECs is eligible to be purchased under the applicable Master Purchase Agreement (an "**Eligible SHREC Asset**").

Ineligible SHRECs and related Remedies

An "**Ineligible SHREC**" is any SHREC for which (i) one or more eligibility criteria are found to have been breached at the time such SHREC was conveyed to the Issuer pursuant to the Sale and Contribution Agreement, which breach (in the aggregate) materially and adversely affects the value of such SHREC Asset; or (ii) neither the Issuer nor the Trustee has a first priority perfected security interest. The "**Ineligible SHREC Deposit Amount**" with respect to a SHREC that became an Ineligible SHREC is an amount equal to the related SHREC Tranche Purchase Price that otherwise would have been paid by the relevant Utility throughout the term of the related SHREC Tranche, discounted at a rate of 7.00% per annum for the period from the date of the related repurchase (which shall be the same date the Ineligible SHREC Deposit Amount is transferred into the Series 2019-1 Issuer Lockbox Account) through the related SHREC Tranche's end date, reduced by any proceeds realized from the liquidation or collection of such Ineligible SHREC (by the Manager in accordance with the Management Agreement) that have been paid to the Issuer and by any proceeds realized from the liquidation or collection of such Ineligible SHREC and any other amounts on such Ineligible SHREC paid to the Issuer.

Pursuant to the Sale and Contribution Agreement, the Parent and the Issuer will be obligated to cure or repurchase any Ineligible SHRECs sold by the Parent. The Issuer will be required, no later than 30 days following the discovery or notification of one or more Ineligible SHRECs (subject to any applicable grace periods), to either (a) cure the related breach or breaches or (b) pay the Ineligible SHREC Deposit Amount in respect of the related SHREC, which the Trustee will pay to Series 2019-1 Noteholders in respect of their Note Principal Balance, *pro rata*, in direct order of alphabetical designation.

Amendments

The Sale and Contribution Agreement may only be amended by the parties thereto with the prior consent of each party thereto and the Trustee. The Trustee is a third-party beneficiary of the Sale and Contribution Agreement.

CREDIT RISK RETENTION

Sponsor to Hold an Eligible Horizontal Residual Interest

The Credit Risk Retention Rules require the "sponsor" of a "securitization transaction" (or a "majority-owned affiliate" of the sponsor) (each as defined in the Credit Risk Retention Rules) to retain an economic interest in the credit risk of securitized assets in accordance with the requirements of the Credit Risk Retention Rules. To comply with the Credit Risk Retention Rules, the Parent, as sponsor of the securitization transaction involving the Series 2019-1 Notes, intends to retain in accordance with the Credit Risk Retention Rules, either itself or through a majority-owned affiliate, an "eligible horizontal residual interest" (as defined in the Credit Risk Retention Rules, an "**EHRI**") in the form of the equity interests in the Issuer (the "**Retained Interest**"). An EHRI is defined under the Credit Risk Retention Rules as, with respect to any securitization transaction, an ABS Interest in the issuing entity: (1) that is an interest in a single class or multiple classes in the issuing entity, provided that each interest meets, individually or in the aggregate, all of the requirements of this definition; (2) with respect to which, on any payment date or allocation date on which the issuing entity has insufficient funds to satisfy its obligation to pay all contractual interest or principal due, any resulting shortfall will reduce amounts payable to the eligible horizontal residual interest prior to any reduction in the amounts payable to any other ABS Interest, whether through loss allocation, operation of the priority of payments, or any other governing contractual provision (until the amount of such ABS Interest is reduced to zero); and (3) that has the most subordinated claim to payments of both principal and interest by the issuing entity.

An "**ABS Interest**" is defined under the Credit Risk Retention Rules as: (1) any type of interest or obligation issued by an issuing entity, whether or not in certificated form, including a security, obligation, beneficial interest or residual interest payments on which are primarily dependent on the cash flows of the collateral owned or held by the issuing entity; and (2) does not include common or preferred stock, limited liability interests, partnership interests, trust certificates, or similar interests that: (i) are issued primarily to evidence ownership of the issuing entity; and (ii) the payments, if any, on which are not primarily dependent on the cash flows of the collateral held by the issuing entity; and (3) does not include the right to receive payments for services provided by the holder of such right, including servicing, trustee services and custodial services

Under the Credit Risk Retention Rules, the EHRI must have a fair value equal to at least 5% of the fair value of all ABS Interests in the Trust issued as part of the applicable securitization transaction. Such fair value is determined as of the closing date for the securitization transaction using a fair value measurement framework under GAAP. The Trust's ABS Interests issued as part of the securitization transaction described in this Offering Memorandum are the Series 2019-1 Notes.

Under the Credit Risk Retention Rules, except where the securitized assets are residential mortgages, the sponsor (or a majority-owned affiliate of the sponsor) is required to retain the EHRI until the latest of (i) the second anniversary of the Closing Date, (ii) the date on which the total unpaid principal balance (if applicable) of the securitized assets that collateralize this securitization transaction has been reduced to 33% of the total unpaid principal balance of such securitized assets as of the cut-off date for this securitization transaction, and (iii) the date the sum of (x) the aggregate principal amount of the Series 2019-1 Notes has been reduced to 33% or less of the initial principal amount of the Series 2019-1 Notes as of the Closing Date (the "**Risk Retention End Date**"). None of the sponsor or any of its majority-owned affiliates may sell, transfer, hedge or pledge the EHRI during this period other than as permitted by the Credit Risk Retention Rules.

As described more fully below, the fair value of the Retained Interest on the Closing Date will be at least 5% of the fair value of all ABS Interests of the Trust issued as part of the securitization transaction involving the issuance of the Series 2019-1 Notes on the Closing Date described in this Offering Memorandum.

Terms of the Retained Interest

The Retained Interest represents a one hundred percent (100%) equity interest in the Issuer. Distributions on the Retained Interest will depend primarily on the net cash flows of the collateral available to the Issuer. As described under "*Description of the Indenture and the Series 2019-1 Notes—Priority of Payments*" herein, distributions, if any, on the Retained Interest on each Payment Date will be limited to amounts remaining in the Series 2019-1 Collection Account after (i) payments of interest and principal on the Series 2019-1 Notes and (ii) other distributions set forth in the Priority of Payments. On each Payment Date, through the operation of the Priority of Payments, any realized losses on the Series 2019-1 SHRECs will be absorbed by the Retained Interest before any losses are incurred by the Series 2019-1 Noteholders. These realized losses will reduce the amount of overcollateralization benefitting the Series 2019-1 Notes and/or payments on the Retained Interest.

Fair Value of ABS Interests, Key Inputs and Assumptions and Valuation Methodology

The fair value of all of the ABS Interests of the Issuer issued as part of the securitization transaction described in this Offering Memorandum is determined using a GAAP fair value measurement framework with both observable and unobservable inputs. Under GAAP, the significance of inputs in measuring fair value are reflected in a hierarchy, with Level 1 inputs favored over Level 2 inputs and Level 2 inputs favored over Level 3 inputs.

- Level 1 inputs include quoted prices for identical instruments and are the most observable,
- Level 2 inputs include quoted prices for similar instruments and observable inputs such as interest rates and yield curves, and
- Level 3 inputs include data not observable in the market and reflect management judgment about the assumptions market participants would use in pricing the instrument.

The pre-closing determination of the fair value of the Series 2019-1 Notes is categorized within Level 2 of the hierarchy, reflecting inputs derived from prices of similar instruments. The post-closing determination of the fair value of the Series 2019-1 Notes will be categorized within Level 1 of the hierarchy. The fair value of the Series 2019-1 Class R

Interests is categorized within Level 3 of the hierarchy, as many of the inputs to the fair value calculation for the Series 2019-1 Notes are generally not observable.

In order to determine the fair value of the Issuer's ABS Interests, the Parent and the Issuer used the inputs and assumptions set forth below, which are intended solely for the purpose of determining the fair value of the ABS Interests and should not be relied upon by investors for any other purpose:

(a) The initial principal amount of the Series 2019-1 Notes will be set forth on the cover page of this Offering Memorandum

(b) the interest rate for the Series 2019-1 Class A Notes will be between 5.21% and 5.71%; and the interest rate for the Series 2019-1 Class B Notes will be between 6.42% and 7.42%;

(c) the Series 2019-1 Class A Notes and the Series 2019-1 Class B Notes will be purchased by third party investors at par;

(d) the structuring assumptions set forth in Schedule A and Schedule B to this Offering Memorandum other than assumptions (iv) and (v) set forth on Schedule B or unless otherwise stated in this section;

(e) the amount on deposit in the Liquidity Reserve Account on the Closing Date is an amount between $1,016,420 to $1,117,420;

(f) on the Stated Maturity Date, (1) the Series 2019-1 Notes will be repaid in full and (2) the sum of (A) any remaining proceeds after repayment of the Series 2019-1 Notes and other expenses of the Issuer and (B) any amounts on deposit in the Series 2019-1 Liquidity Reserve Account be paid to the holder of the Risk Retention Interest;

(g) the Notes will not be voluntarily prepaid in whole or in part at any time other than the Scheduled Principal Payments;

(h) the Closing Date is March 21, 2019; and

(i) the discount rate used to calculate the present value of cash flow to the Risk Retention Interest is 12.28%.

Information Used to Develop Key Inputs and Assumptions. The key inputs and assumptions described above relating to the SHREC Assets and the Manager Distributions were developed with reference to historical information and portfolio analysis collected by the Parent. Such historical information consisted of asset level data with respect to pools of solar assets that have been part of the Parent's residential solar incentive program across Connecticut Green Bank's residential platform. Due to the lack of an actively traded market in residual interests, the discount rate assumption was derived using qualitative factors that consider the equity-like component of the first-loss exposure. The Sponsor and the Issuer believe that the inputs and assumptions described above include the inputs and assumptions that could have a material impact on the fair value calculation or a prospective Noteholder's ability to evaluate the fair value calculation.

Fair Value Determinations Based on the key inputs and assumptions, the fair value of the Issuer's Notes on the Closing Date is determined to be the price at which the Notes are purchased by third party investors. As such, the fair value of the Notes on the Closing Date is approximately $38,600,000. To determine the fair value of the Risk Retention Interest on the Closing Date, the projected cash flow to be generated by the SHREC Assets and the Manager Distributions was calculated based on the key inputs and assumptions and applied in accordance with the Priority of Payments and the Transaction Documents to determine the expected cash flow to the Risk Retention Interest. The cash flow to the Risk Retention Interest was then discounted to a present value based on the discount rate set forth above. Based on the foregoing, the fair value of the Risk Retention Interest on the Closing Date is expected to be an amount between approximately $7,088,251 and $7,978,159.

Based on the foregoing, all the ABS Interests of the Issuer are expected to have a fair value on the Closing Date between approximately $45,688,251 and $46,578,159. The expected fair value of the Risk Retention Interest on the Closing Date represents between approximately 15.5% and 17.1% of the fair value of all ABS Interests of the Issuer on the Closing Date.

Post-Closing Date Disclosures

The initial quarterly report delivered by the Manager after the Closing Date will include the following information:

(1) the fair value on the Closing Date (expressed as a percentage of the fair value of all of the ABS Interests of the Issuer issued as part of the securitization transaction described in this Offering Memorandum and as a dollar amount) of the Retained Interest based on actual sale prices and finalized Notes sizes;

(2) the fair value on the Closing Date (expressed as a percentage of the fair value of all of the ABS Interests of the Issuer issued as part of the securitization transaction described in this Offering Memorandum and as a dollar amount) of the Retained Interest that the sponsor (or majority-owned affiliate of the sponsor) is required to retain; and

(3) to the extent the valuation methodology or any of the key inputs and assumptions that were used in calculating the fair value or range of fair values disclosed herein materially differs from the methodology or key inputs and assumptions used to calculate the fair value as of the Closing Date as set forth in such quarterly report, descriptions of those material differences.

Neither the Initial Purchaser nor the Trustee (i) have independently verified any of the statements in this section, (ii) are responsible for making any representations concerning (a) the accuracy or completeness of the fair value determination of the Series 2019-1 Notes or (b) the assumptions or other variables used to determine any such fair value, or (iii) assume responsibility for the contents of the above fair value disclosure, any of the other information in this section or the Parent's compliance with the Credit Risk Retention Rules.

CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES

The following is a summary of certain material United States federal income tax consequences of the acquisition, ownership and disposition of the Series 2019-1 Notes. This summary deals only with Series 2019-1 Notes held as capital assets by a holder who acquired the Series 2019-1 Notes upon original issuance at their Issue Price as defined below. The discussion does not cover all aspects of United States federal income taxation that may be relevant to, or the actual tax effect that any of the matters described herein will have on, the acquisition, ownership or disposition of the Series 2019-1 Notes by particular investors. In particular, this summary does not discuss all of the tax considerations that may be relevant to certain types of investors subject to special treatment under the United States federal income tax laws (such as banks and other financial institutions, regulated investment companies, tax-exempt organizations, dealers in securities or currencies, traders in securities that elect to use a mark-to-market method of accounting, investors that have a functional currency other than the U.S. dollar, persons liable for the alternative minimum tax, United States expatriates, and investors that will hold the Series 2019-1 Notes as part of a conversion, hedging, integrated, or straddle transaction). This summary also does not address tax consequences attributable to persons being required to accelerate the recognition of any item of gross income with respect to the Series 2019-1 Notes as a result of such income being recognized on an applicable financial statement. Furthermore, this summary does not address tax consequences arising under the tax laws of any state, locality or non-U.S. jurisdiction and this summary does not address any U.S. federal estate or gift tax laws.

If a partnership (or any other entity treated as fiscally transparent for United States federal income tax purposes) holds Series 2019-1 Notes, the tax treatment of a partner in such partnership generally will depend upon the status of the partner and the activities of the partnership. Any such partner or partnership should consult their tax advisors as to the United States federal income tax consequences to them of the acquisition, ownership and disposition of the Series 2019-1 Notes.

This summary is based on the tax laws of the United States including the Internal Revenue Code of 1986, its legislative history, existing and proposed regulations promulgated thereunder, published rulings and court decisions, all as currently in effect and all of which are subject to change at any time, possibly with retroactive effect. There can be no assurance that the IRS will not challenge one or more of the tax consequences described herein, and the Issuer has not obtained, nor does the Issuer intend to obtain, a ruling from the IRS with respect to any such consequences. The opinion of counsel and other conclusions described below are not binding on the IRS or the courts. As a result, the IRS might disagree with all or part of the discussion below.

INVESTORS SHOULD CONSULT THEIR TAX ADVISORS TO DETERMINE THE TAX CONSEQUENCES TO THEM OF ACQUIRING, OWNING AND DISPOSING OF SERIES 2019-1 NOTES, INCLUDING THE APPLICATION TO THEIR PARTICULAR SITUATION OF THE UNITED STATES FEDERAL INCOME TAX

CONSIDERATIONS DISCUSSED BELOW, AS WELL AS THE APPLICATION OF THE ALTERNATIVE MINIMUM TAX AND STATE, LOCAL, NON-U.S. OR OTHER TAX LAWS.

Classification of the Issuer and the Notes

In the opinion of Tax Counsel, (a) the Series 2019-1 Notes (when held on the Closing Date by third parties unrelated to the Issuer) will be properly characterized as indebtedness for United States federal income tax purposes, and (b) the Issuer will not be classified as an association taxable as a corporation or a publicly traded partnership taxable as a corporation for United States federal income tax purposes. By purchasing the Series 2019-1 Notes, a holder will agree to treat the Series 2019-1 Notes as debt for all United States tax purposes to the extent the Series 2019-1 Notes are beneficially owned by a person other than the Issuer or any affiliate of the Issuer for United States federal income tax purposes. This opinion is based on a representation letter provided by the Issuer to Tax Counsel, and on the assumption that the Transaction Documents are complied with in all respects. This opinion is not binding on the IRS. Except as set forth below, the remainder of this discussion assumes that such treatment will be respected. The remainder of this discussion assumes that such treatment will be respected.

If, contrary to the opinion of Tax Counsel, the IRS were to assert successfully that one or more classes of the Series 2019-1 Notes were not classified properly as debt for United States federal income tax purposes, holders of such Series 2019-1 Notes would be treated for U.S. federal income tax purposes as partners in a partnership. In such event (assuming the partnership is not treated as a publicly traded partnership taxable as a corporation), the partnership itself would not be subject to U.S. federal income tax. Rather, the partners of such partnership, including the holders of such Series 2019-1 Notes, would be taxed individually on their respective distributive shares of the partnership's income, gain, loss, deductions, and credits. The items of income and deduction of a holder of Series 2019-1 Notes that are recharacterized as partnership interests may differ materially in amount, timing, and characterization from those described herein.

Consequences to U.S. Holders

The following is a summary of certain United States federal income tax consequences that will apply to you if you are a U.S. Holder of Series 2019-1 Notes. As used herein, the term "**U.S. Holder**" means a beneficial owner of Series 2019-1 Notes that is for United States federal income tax purposes, (i) a citizen or individual resident of the United States, (ii) a corporation, or other entity treated as a corporation, created or organized in or under the laws of the United States or any state thereof or the District of Columbia, (iii) an estate the income of which is subject to United States federal income tax without regard to its source, or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons have the authority to control all substantial decisions of the trust, or that is otherwise treated as a United States person.

The Series 2019-1 Notes are expected to be issued at par and therefore are not expected to be issued with original issue discount ("**OID**") for United States federal income tax purposes. In determining whether a Class of Series 2019-1 Notes will be treated as issued with OID, the Issuer will treat the "**Issue Price**" of each Class of Series 2019-1 Notes as the first price at which a substantial amount of such Class of Series 2019-1 Notes is sold to the public for cash (ignoring for this purpose, prices paid by U.S. Holders that are bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). U.S. Holders that purchase Series 2019-1 Notes at prices other than the Issue Price of such Class may be subject to special rules for market discount, acquisition premium or amortizable bond premium, and should consult their tax advisors regarding the application of such rules.

Payments of Interest

Payments of interest on a Series 2019-1 Note will be taxable to a U.S. Holder as ordinary income at the time that such payments are accrued or are received in accordance with the U.S. Holder's method of tax accounting.

Purchase and Sale or Other Dispositions of Series 2019-1 Notes

A U.S. Holder's tax basis in a Series 2019-1 Note generally will equal the cost of such Series 2019-1 Note to such holder. Upon the sale, exchange, retirement or other disposition of a Series 2019-1 Note, a U.S. Holder generally will recognize gain or loss equal to the difference between the amount realized on the sale, exchange, retirement or other disposition (less any accrued but unpaid interest, which will be taxable as such) and the U.S. Holder's tax basis in such Series 2019-1 Note. Gain or loss recognized by a U.S. Holder generally will be long-term capital gain or loss if the U.S. Holder has held the Series 2019-1 Note for more than one year at the time of disposition and generally will be treated as income from U.S. sources for purposes of the U.S. foreign tax credit limitation. Long-term capital gains recognized by a

non-corporate U.S. Holder generally are currently subject to tax at a lower rate than short-term capital gains or ordinary income. The deductibility of capital losses is subject to substantial limitations.

Medicare Tax

Certain U.S. Holders that are individuals, estates or trusts are subject to an additional 3.8% Medicare tax on "net investment income," which includes, among other things, interest on and capital gains from the sale or other disposition of debt instruments like the Series 2019-1 Notes. You should consult your tax advisors regarding the 3.8% Medicare tax on your ownership and disposition of the Series 2019-1 Notes.

Consequences to Non-U.S. Holders

The following is a summary of certain United States federal income and estate tax consequences that will apply to you if you are a "**Non-U.S. Holder**" of the Series 2019-1 Notes. You are a Non-U.S. Holder if you are a beneficial owner of Series 2019-1 Notes that is, for United States federal income tax purposes:

- a nonresident alien individual;
- a foreign corporation; or
- a foreign estate or trust.

You are not a Non-U.S. Holder if you are a nonresident alien individual present in the United States for 183 days or more in the taxable year in question.

Subject to the discussion below concerning backup withholding and FATCA, payments of principal, interest and premium (if any) on a Series 2019-1 Note will not be subject to United States federal income or withholding tax, *provided* that:

- interest paid on the Series 2019-1 Notes is not effectively connected with your conduct of a trade or business in the United States;
- you are not a 10 percent shareholder (within the meaning of Section 871(h)(3)(B) of the Code) of the Issuer or Parent;
- you are not a controlled foreign corporation that is related to the Issuer through actual or constructive stock ownership;
- you are not a bank whose receipt of interest on the Series 2019-1 Notes is described in Section 881(c)(3)(A) of the Code; and
- proper certification of your status as a non-United States person as defined under the Code is provided.

If you hold the Series 2019-1 Notes and cannot satisfy the requirements described above, unless interest on the Series 2019-1 Notes is effectively connected with your conduct of a trade or business in the United States, as described below, payments of interest and certain other payments under the Series 2019-1 Notes made to you will be subject to the 30% United States federal withholding tax, (or such lower rate specified by an applicable treaty).

The United States federal withholding tax generally will not apply to any payment of principal or gain that you realize on the sale, exchange, retirement or other disposition of a Series 2019-1 Note.

United States Federal Income Tax on Effectively Connected Income

If you are engaged in a trade or business in the United States and interest on the Series 2019-1 Notes is effectively connected with the conduct of that trade or business (and, if required by an applicable income tax treaty, is attributable to a United States permanent establishment), then you will be subject to United States federal income tax on that interest on a net income basis (although you will be exempt from the 30% United States federal withholding tax, provided the certification requirements discussed above in *"United States Federal Withholding Tax"* are satisfied) generally in the same manner as if you were a United States person as defined under the Code. In addition, if you are a foreign

corporation, you may be subject to a branch profits tax equal to 30% (or lower applicable income tax treaty rate) of such interest, subject to adjustments.

Any gain realized on the disposition of a Series 2019-1 Note generally will not be subject to United States federal income tax unless:

- the gain is effectively connected with your conduct of a trade or business in the United States (and, if required by an applicable income tax treaty, is attributable to a United States permanent establishment); or

- you are an individual who is present in the United States for one hundred eighty-three (183) days or more in the taxable year of that disposition, and certain other conditions are met.

Gain described in the first bullet point above generally will be subject to U.S. federal income tax on a net income basis at the regular graduated rates. If you are a foreign corporation, you may also be subject to a branch profits tax at a rate of 30% (or such lower rate specified by an applicable income tax treaty) on such effectively connected gain, as adjusted for certain items.

Gain described in the second bullet point above will be subject to U.S. federal income tax at a rate of 30% (or such lower rate specified by an applicable income tax treaty), which may be offset by your U.S. source capital losses (even though you as an individual are not considered a resident of the United States), provided you have timely filed U.S. federal income tax returns with respect to such losses.

You should consult your tax advisors regarding any applicable income tax treaties that may provide for different rules.

Information Reporting and Backup Withholding

U.S. Holders

In general, information reporting requirements will apply to all payments of interest on the Series 2019-1 Notes and to the proceeds of sale of a Series 2019-1 Note paid to you (unless you are an exempt recipient such as a corporation). A backup withholding tax may apply to such payments if you fail to provide a taxpayer identification number and comply with certain certification procedures or otherwise establish an exemption from backup withholding.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules generally will be allowed as a refund or a credit against your United States federal income tax liability, provided the required information is timely furnished to the IRS.

Non-U.S. Holders

Generally, the applicable withholding agent must report to the IRS and to you the amount of interest on the Series 2019-1 Notes paid to you and the amount of tax, if any, withheld with respect to those payments. Copies of the information returns reporting such interest payments and any withholding may also be made available to the tax authorities in the country in which you reside under the provisions of an applicable income tax treaty.

You generally will not be subject to backup withholding with respect to payments on the Series 2019-1 Notes provided that the applicable withholding agent does not have actual knowledge or reason to know that you are a United States person as defined under the Code, and you have provided the documentation described above in the fifth bullet point under *"—Consequences to Non-U.S. Holders."*

In addition, no information reporting or backup withholding will be required regarding the proceeds of the sale of a Series 2019-1 Note made within the United States or conducted through certain United States-related financial intermediaries, if the payor receives the documentation described above and does not have actual knowledge or reason to know that you are a United States person as defined under the Code, or you otherwise establish an exemption.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules generally will be allowed as a refund or a credit against your United States federal income tax liability provided the required information is timely furnished to the IRS.

FATCA

Provisions commonly referred to as "FATCA" impose withholding of 30% on payments to certain non-U.S. entities (including financial intermediaries) with respect to certain financial instruments, unless various U.S. information reporting and due diligence requirements (generally relating to ownership by U.S. persons of interests in or accounts with those entities) have been satisfied. Withholding (if applicable) generally applies to payments of interest on a Note, and (subject to the proposed Treasury regulations discussed below) the gross proceeds from the sale, retirement or other disposition of a Note. Recently proposed Treasury regulations eliminate withholding under FATCA on payments of gross proceeds. Taxpayers may rely on these proposed Treasury regulations until final Treasury regulations are issued, but such Treasury regulations are subject to change. An intergovernmental agreement regarding FATCA between the United States and an applicable foreign country may modify these requirements. Prospective investors should consult their tax advisors regarding FATCA.

CERTAIN STATE AND LOCAL TAX CONSIDERATIONS

In addition to the federal income tax consequences described in "*Certain United States Federal Income Tax Consequences*" in this Offering Memorandum, purchasers of Series 2019-1 Notes should consider the state and local income tax consequences of the acquisition, ownership, and disposition of the Series 2019-1 Notes. State and local income tax law may differ substantially from the corresponding federal law, and this discussion does not purport to describe any aspect of the income tax laws of any state or locality. Therefore, potential purchasers should consult their own tax advisors with respect to the various state and local tax consequences of investment in the Series 2019-1 Notes.

CERTAIN CONSIDERATIONS FOR ERISA AND OTHER EMPLOYEE BENEFIT PLANS

The following is a summary of certain considerations associated with the purchase and holding of the Series 2019-1 Notes by "employee benefit plans" (as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("**ERISA**")) that are subject to Title I of ERISA, "plans" (as defined in Section 4975(e)(1) of the Code) that are subject to Section 4975 of the Code, entities such as collective investment funds and separate accounts whose underlying assets are deemed to include "plan assets" under ERISA of such plans (collectively, "**Plans**"), plans which are not subject to Title I of ERISA or Section 4975 of the Code but are subject to any provision of any other U.S. federal, state, local or non-U.S. laws or regulations that is similar in purpose or intent to Title I of ERISA or Section 4975 of the Code ("**Similar Law**") ("**Similar Law Arrangements**"), and any person who is directly or indirectly purchasing or holding the Series 2019-1 Notes or any interest therein on behalf of, as fiduciary of, as trustee of, or with assets of, one or more Plans or Similar Law Arrangements. Before purchasing any Series 2019-1 Notes, each person acquiring the Series 2019-1 Notes with the assets of one or more Plans or Similar Law Arrangements should consult with its legal advisors in light of the considerations discussed below.

ERISA imposes certain requirements on "employee benefit plans" (as defined in Section 3(3) of ERISA) which are subject to Title I of ERISA, including entities such as collective investment funds and separate accounts whose underlying assets are deemed to include "plan assets" under ERISA of such plans (collectively, "**ERISA Plans**") and on those persons who are fiduciaries with respect to ERISA Plans. Under ERISA and the Code, any person who exercises any discretionary authority or control over the administration of such an ERISA Plan or the management or disposition of the assets of such an ERISA Plan, or who renders investment advice for a fee or other compensation to such an ERISA Plan, is generally considered to be a fiduciary of the ERISA Plan. Investments by ERISA Plans are subject to ERISA's general fiduciary requirements, including the requirement of investment prudence and diversification and the requirement that an ERISA Plan's investments be made in accordance with the documents governing the ERISA Plan and applicable provisions of ERISA and the Code. The prudence of a particular investment must be determined by the responsible fiduciary of an ERISA Plan by taking into account the ERISA Plan's particular circumstances and all of the facts and circumstances of the investment including, but not limited to, the matters discussed above under "*Risk Factors*" and the fact that in the future there may be no market in which such fiduciary will be able to sell or otherwise dispose of the Series 2019-1 Notes. Any fiduciary or other person considering acquiring the Series 2019-1 Notes on behalf of or with the assets of an ERISA Plan should consider the fact that none of the Transaction Parties is acting, or will act, as a fiduciary to such ERISA Plan with respect to the decision to acquire or hold the Series 2019-1 Notes, and are not undertaking to provide impartial investment advice or advice based on any particular investment need, or to give advice in a fiduciary capacity, with respect to such decision. The decision to acquire or hold the Series 2019-1 Notes must be made solely by each prospective ERISA Plan acquirer or holder on an arm's length basis.

Section 406 of ERISA and Section 4975 of the Code prohibit certain transactions involving the assets of ERISA Plans as well as assets of plans, accounts and arrangements that are not subject to Title I of ERISA but which are subject to Section 4975 of the Code, such as individual retirement accounts (together with ERISA Plans, "**Plans**") and certain persons (referred to as "parties in interest" or "disqualified persons") having certain relationships to such Plans, unless a statutory, regulatory or administrative exemption is applicable to the transaction. A party in interest or disqualified person who engages in a non-exempt prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and Section 4975 of the Code. In addition, a fiduciary of the Plan who engaged in such non-exempt prohibited transaction may be subject to penalties and liabilities under ERISA and the Code.

Certain transactions involving the Issuer might be deemed to constitute or result in "prohibited transactions" under Title I of ERISA or Section 4975 of the Code if the assets of the Issuer were deemed, under 29 C.F.R. Section 2510.3-101, as effectively modified by Section 3(42) of ERISA (the "**Plan Asset Regulations**"), to include the "plan assets" of Plans who have acquired the Series 2019-1 Notes. The Plan Assets Regulation would deem the assets of the Issuer to include the "plan assets" of Plans only if such Plans held "equity interests" in the Issuer and no other exception from plan asset treatment under the Plan Assets Regulation applied. The Plan Asset Regulations define an "equity interest" as any interest in an entity other than an instrument that is treated as indebtedness under applicable local law and which has no substantial equity features. As noted above in "*Certain United States Federal Income Tax Consequences*" in this Offering Memorandum, it is the opinion of Tax Counsel to the Issuer that the Series 2019-1 Notes will be treated as debt for U.S. federal income tax purposes. The Issuer believes that at the time of their issuance, the Series 2019-1 Notes should be treated as indebtedness under applicable local law without substantial equity features for purposes of the Plan Asset Regulations. However, because there is no authority that clarifies the relationship between the standards used for purposes of the Plan Asset Regulations and the standards used for U.S. federal income tax purposes in evaluating the proper characterization of a security as debt or equity, each prospective investor should make its own assessment as to whether or not the Series 2019-1 Notes will be respected as debt for purposes of the Plan Asset Regulations, and should consult with its own legal advisors concerning the potential consequences under the fiduciary responsibility and prohibited transaction provisions of Title I of ERISA, Section 4975 of the Code and any applicable Similar Law of an investment in the Series 2019-1 Notes with the assets of a Plan or Similar Law Arrangement. There can be no assurance that the Series 2019-1 Notes would be characterized by the Department of Labor or others as indebtedness on the date of issuance or at any given time thereafter.

Nevertheless, without regard to whether the Series 2019-1 Notes are considered equity interests, prohibited transactions within the meaning of Section 406 of ERISA or Section 4975 of the Code may also arise if the Series 2019-1 Notes are acquired with the assets of a Plan with respect to which any of the Transaction Parties is a party in interest or a disqualified person. Certain exemptions from the prohibited transaction provisions of Section 406 of ERISA and Section 4975 of the Code may be applicable, however, depending in part on the type of Plan fiduciary making the decision to acquire a Series 2019-1 Note and the circumstances under which such decision is made. Included among these exemptions are Prohibited Transaction Class Exemption ("**PTCE**") 91-38, as amended (relating to investments by bank collective investment funds), PTCE 84-14, as amended (relating to transactions effected by "independent qualified professional asset managers"), PTCE 90-1 (relating to investments by insurance company pooled separate accounts), PTCE 95-60, as amended (relating to investments by insurance company general accounts), and PTCE 96-23, as amended (relating to transactions effected by in-house asset managers), ("**Investor-Based Exemptions**"). There is also a statutory exemption that may be available under Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code to a party in interest that is a service provider to a Plan investing in the Series 2019-1 Notes for no more and no less than adequate consideration, provided such service provider is not (i) the fiduciary with respect to the Plan's assets used to acquire the Series 2019-1 Notes or an affiliate of such fiduciary or (ii) an affiliate of the employer sponsoring the Plan (the "**Service Provider Exemption**"). Adequate consideration means fair market as determined in good faith by the Plan fiduciary pursuant to regulations to be promulgated by the Department of Labor. The acquisition or holding of the Series 2019-1 Notes by or on behalf of a Plan could give rise to a prohibited transaction if any of the Transaction Parties are or become a party in interest or a disqualified person with respect to that Plan. However, we cannot assure you that any of these Investor-Based Exemptions or the Service Provider Exemption or any other administrative or statutory exemption will be available with respect to any particular transaction involving the Series 2019-1 Notes. Prospective acquirers and holders that intend to use the assets of a Plan to acquire or hold the Series 2019-1 Notes should consult with their legal advisors regarding the applicability of any such exemption.

Governmental plans (as defined in Section 3(32) of ERISA), certain church plans (as defined in Section 3(33) of ERISA), and non-U.S. plans, while not subject to Title I of ERISA or the provisions of Section 4975 of the Code, may nevertheless be subject to state, local or other federal or non-U.S. laws that are substantially similar to the foregoing provisions of ERISA and the Code ("**Similar Law**"). To the extent such a plan is subject to Similar Law, it may not acquire the Series 2019-1 Notes if the acquisition or holding of such Series 2019-1 Notes would result in a violation of

Similar Law. Fiduciaries of any such plans should consult with their counsel before acquiring or holding the Series 2019-1 Notes.

Any insurance company proposing to invest assets of its general account in the Series 2019-1 Notes should consider the extent to which such investment would be subject to the requirements of Title I of ERISA and Section 4975 of the Code in light of the U.S. Supreme Court's decision in *John Hancock Mutual Life Insurance Co. v. Harris Trust and Savings Bank*, 510 U.S. 86 (1993), and the enactment of Section 401(c) of ERISA on August 20, 1996. In particular, such an insurance company should consider (i) the exemptive relief granted by the U.S. Department of Labor for transactions involving insurance company general accounts in PTCE 95-60 and (ii) if such exemptive relief is not available, whether its acquisition of the Series 2019-1 Notes will be permissible under the final regulations issued under Section 401(c) of ERISA. The final regulations provide guidance on which assets held by an insurance company constitute "plan assets" for purposes of the fiduciary responsibility provisions of Title I of ERISA and Section 4975 of the Code. The regulations do not exempt the assets of insurance company general accounts from treatment as "plan assets" to the extent they support certain participating annuities issued to Plans after December 31, 1998.

Representations and Further Considerations

By its acquisition of Series 2019-1 Notes (or any interest therein), each purchaser and subsequent transferee (and if such purchaser or transferee is a Plan or Similar Law Arrangement, its fiduciary) will be deemed to have represented and warranted, on each day from the date on which such purchaser or transferee, as applicable, acquires its interest in such Series 2019-1 Notes through and including the date on which such purchaser or transferee, as applicable, disposes of its interest in such Series 2019-1 Notes, either that (i) it is not acquiring such Series 2019-1 Notes for or on behalf of or with the assets of, and will not transfer such Series 2019-1 Notes to, any Plan nor any Similar Law Arrangement, or (ii) its acquisition, holding and disposition of such Series 2019-1 Notes will not cause or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or be a violation of any applicable Similar Law). Further, each purchaser and subsequent transferee (and if such purchaser or transferee is a Plan, its fiduciary) of Series 2019-1 Notes that is acquiring such Series 2019-1 Notes for or on behalf of or with the assets of a Plan will be deemed to have represented and agreed that none of the Transaction Parties has acted as the Plan's fiduciary (within the meaning of ERISA or the Code), or has been relied upon for any advice, with respect to the purchaser's or transferee's decision to acquire, hold, sell, exchange, vote or provide any consent with respect to such Series 2019-1 Notes, and none of the Transaction Parties shall at any time be relied upon as the Plan's fiduciary with respect to any decision to acquire, continue to hold, sell, exchange, vote or provide any consent with respect to such Series 2019-1 Notes. Any purported transfer of such Series 2019-1 Note, or any interest in such Series 2019-1 Note, to a purchaser or transferee that does not comply with the requirements specified in the applicable documents will be of no force and effect and will be null and void *ab initio*.

The foregoing discussion is general in nature and is not intended to be all inclusive or to constitute legal advice. Due to the complexity of these rules and the penalties that may be imposed upon persons involved in non-exempt prohibited transactions, it is particularly important that any Plan or Similar Law Arrangement fiduciary or other person who proposes to use assets of any Plan or Similar Law Arrangement to acquire the Series 2019-1 Notes should consult with its counsel regarding the applicability of the fiduciary responsibility and prohibited transaction provisions of ERISA and Section 4975 of the Code, or any other applicable Similar Law, to such an investment, and to confirm that such investment will not constitute or result in a non-exempt prohibited transaction or any other violation of an applicable requirement of ERISA, the Code or any other applicable Similar Law.

The sale of the Series 2019-1 Notes to a Plan, a Similar Law Arrangement, or to a person using assets of any Plan or Similar Law Arrangement to effect its acquisition of the Series 2019-1 Notes, is in no respect a representation by the any of the Transaction Parties or any other person that such an investment meets all relevant legal requirements with respect to investments by Plans or Similar Law Arrangements generally or any particular Plan or Similar Law Arrangement, or that such an investment is appropriate for Plans or Similar Law Arrangements generally or any particular Plan or Similar Law Arrangement.

RATINGS

It is a condition to the issuance of the Series 2019-1 Notes that the Series 2019-1 Class A Notes be rated "A-"(sf) by KBRA and that the Series 2019-1 Class B Notes be rated "BBB-"(sf) by KBRA. The Issuer has not requested a final rating of the Series 2019-1 Notes by any rating agency other than those listed on the cover of this Offering Memorandum. Additional rating agencies recognized by the Nationally Recognized Statistical Ratings Agency Organization may from

time to time analyze and/or rate the Series 2019-1 Notes (each of these rating agencies, including KBRA, a "**Rating Agency**").

We are not obligated to maintain any particular rating with respect to any class of Series 2019-1 Notes. Changes affecting the SHREC Assets, the Issuer, the Parent, the Manager, the Trustee or another person may have an adverse effect on the ratings of the Series 2019-1 Notes, and thus on the liquidity, market value and regulatory characteristics of the Series 2019-1 Notes, although such adverse changes would not necessarily be an event of default under the applicable Transaction Documents.

A securities rating on Series 2019-1 Notes addresses the relevant NRSRO's assessment of the likelihood of timely payment of interest and the ultimate payment of principal on the Series 2019-1 Notes by the Stated Maturity Date. The ratings assigned to the Series 2019-1 Notes do not represent any assessment of the likelihood that the SHRECs will be sold, the degree to which the rate of such sales might differ from those originally anticipated or the likelihood of an Optional Prepayment or a Clean-Up Call Redemption of the Series 2019-1 Notes, nor will such ratings address the possibility that sales of the SHRECs to the Utilities at a higher or lower rate than anticipated may cause a lower than anticipated yield or that Series 2019-1 Noteholders who purchase Series 2019-1 Notes at a significant premium might fail to recoup their initial investment under certain prepayment scenarios. In addition, the ratings on the Series 2019-1 Notes do not address any reinvestment or extension risks resulting from a faster or slower rate of sale of SHRECs to the Utilities. Such risks will be borne by Series 2019-1 Noteholders.

NRSROs that were not engaged by the Issuer to rate the Series 2019-1 Notes may nevertheless issue unsolicited credit ratings on one or more Classes of Series 2019-1 Notes, relying on information they receive pursuant to Rule 17g-5 or otherwise. If any such unsolicited ratings are issued, we cannot assure you that they will not be different from any ratings assigned by the Rating Agency. The issuance of unsolicited ratings by any NRSRO on a Class of the Series 2019-1 Notes that are lower than ratings assigned by the Rating Agency may adversely impact the liquidity, market value and regulatory characteristics of that Class.

Furthermore, the SEC may determine that the Rating Agency no longer qualifies as an NRSRO or is no longer qualified to rate the Series 2019-1 Notes, and that determination may also have an adverse effect on the liquidity, market value and regulatory characteristics of the Series 2019-1 Notes.

Certain actions provided for in the Indenture require, as a condition to taking such action, that a Rating Agency Condition be satisfied by the Rating Agency. In certain circumstances, this condition may be deemed to have been met or waived without such a Rating Agency Condition being satisfied. See the definition of "Rating Agency Condition" in this Offering Memorandum. In the event such an action is taken without a Rating Agency Condition being satisfied, we cannot assure you that the Rating Agency will not downgrade, qualify or withdraw its ratings as a result of the taking of such action. If you invest in the Series 2019-1 Notes, pursuant to the Indenture your acceptance of Notes will constitute an acknowledgment and agreement with the procedures relating to Rating Agency Condition described in this Offering Memorandum.

Any rating of the Series 2019-1 Notes should be evaluated independently from similar ratings on other types of securities. A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the assigning Rating Agency.

Pursuant to agreements between Issuer and the Rating Agency, the Rating Agency will provide ongoing ratings surveillance with respect to the Series 2019-1 Notes for as long as they remain issued and outstanding. The Issuer is responsible for the fees paid to the Rating Agency to rate and provide ongoing rating surveillance with respect to the Series 2019-1 Notes. Although the Issuer may prepay fees for ongoing rating surveillance by the Rating Agency, the Issuer has no obligation or ability to ensure that any Rating Agency performs ratings surveillance. In addition, a Rating Agency may cease ratings surveillance if the information furnished to that Rating Agency is insufficient to allow it to perform surveillance.

See "*Risk Factors—Nationally Recognized Statistical Rating Organizations May Assign Different Ratings to the Notes; Ratings of the Notes Reflect Only the Views of the Rating Agency as of the Dates Such Ratings Were Issued; Ratings May Affect ERISA Eligibility; Ratings May Be Downgraded*" in this Offering Memorandum.

GREEN BONDS

The purpose of the Series 2019-1 Notes is to fund Connecticut Green Bank's cost recovery under the Residential Solar Investment Program (RSIP). Under the RSIP, Connecticut Green Bank acquires SHRECs before selling the SHRECs to the Utilities. The RSIP and SHREC program is set forth in Conn. Gen. Stat. Sec. 16-245ff. The RSIP was established to "support the deployment of not more than three hundred megawatts of new residential solar photovoltaic installations located in" Connecticut. Kestrel Verifiers has certified that the Series 2019-1 Notes are "Green Bonds." The purpose of designating the Series 2019-1 Notes as Green Bonds is to allow investors to invest directly in notes that finance environmentally beneficial projects. The Manager has agreed in the Management Agreement to include information in the Quarterly Manager Report regarding the SHREC Systems funded through the RSIP for the related Collection Period. Other than an impact statement prepared by the Climate Action Reserve, no additional third-party approval, certification, verification or monitoring has been sought or is expected in connection with either the designation of the Series 2019-1 Notes as Green Bonds or the foregoing information to be provided in the Quarterly Manager Reports.

LEGAL INVESTMENT CONSIDERATIONS

The appropriate characterization of the Series 2019-1 Notes under various legal investment restrictions, and thus the ability of investors subject to these restrictions to purchase Series 2019-1 Notes, is subject to significant interpretive uncertainties. No representations are made as to the proper characterization of the Series 2019-1 Notes for legal investment, financial institution regulatory, or other purposes, or as to the ability of particular investors to purchase the Series 2019-1 Notes under applicable legal investment restrictions. Further, any ratings downgrade of either Class of Series 2019-1 Notes by any NRSRO, to less than an "investment grade" rating (*i.e.*, lower than the top four rating categories) may adversely affect the ability of an investor to purchase or retain, or otherwise impact the regulatory characteristics of, that Class. The uncertainties described above (and any unfavorable future determinations concerning the legal investment or financial institution regulatory characteristics of the Series 2019-1 Notes) may adversely affect the liquidity and market value of the Series 2019-1 Notes. Accordingly, all investors whose investment activities are subject to legal investment laws and regulations, regulatory capital requirements, or review by regulatory authorities should consult with their own legal advisors in determining whether and to what extent the Series 2019-1 Notes will constitute legal investments for them or are subject to investment, capital or other regulatory restrictions.

The Issuer will be relying upon an exclusion or exemption from the definition of "investment company" under the Investment Company Act of 1940, as amended (the "**Investment Company Act**"), contained in Section 2(b) of the Investment Company Act, although there may be additional exclusions or exemptions available to the Issuer. The Issuer is being structured so as not to constitute a "covered fund" for purposes of the Volcker Rule under the Dodd–Frank Act (both as defined in "*Risk Factors—Legal and Regulatory Provisions Affecting Investors Could Adversely Affect the Liquidity of the Notes*" in this Offering Memorandum).

PLAN OF DISTRIBUTION

Under the terms and subject to the conditions contained in a note purchase agreement dated prior to the Closing Date (the "**Note Purchase Agreement**"), among the Issuer, the Manager, the Parent and RBC Capital Markets, LLC (the "**Initial Purchaser**"), the Initial Purchaser has agreed to use its best efforts to identify investors to purchase the Series 2019-1 Notes and purchase from the Issuer all Series 2019-1 Notes that investors are ready, willing and able to purchase on the Closing Date. The Initial Purchaser will act as the sole book-running manager for the offering of the Series 2019-1 Notes.

The Note Purchase Agreement provides that the obligations of the Initial Purchaser to pay for and accept delivery of the Series 2019-1 Notes are subject to certain conditions, including delivery of legal opinions by their counsel and certain other conditions.

The Initial Purchaser has advised the Issuer that it proposes to use its best efforts to execute trades with investors in the Notes at the time of pricing at an agreed upon price. The Initial Purchaser will offer the Series 2019-1 Notes for sale from time to time in one or more transactions (which may include block transactions), in negotiated transactions or otherwise, or a combination of both methods of sale, at market prices prevailing at the time of sale, at prices related to prevailing market prices or at negotiated prices. The Initial Purchaser may do so by selling the Series 2019-1 Notes to or through broker/dealers, who may receive compensation in the form of discounts, concessions or commissions from the Initial Purchaser and/or the purchasers of the Series 2019-1 Notes for whom it may act as agent. In connection with the sale of the Series 2019-1 Notes, the Initial Purchaser may be deemed to have received compensation in the form of

discounts, and the Initial Purchaser may also receive commissions from the purchasers of the Series 2019-1 Notes for whom they may act as agent.

The Series 2019-1 Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except to persons the Initial Purchaser reasonably believes to be Qualified Institutional Buyers in reliance on Rule 144A under the Securities Act and to persons in offshore transactions in reliance on Regulation S under the Securities Act. The Initial Purchaser, with respect to the Global Notes, has agreed that, except as permitted by the Note Purchase Agreement, it will not offer, sell or deliver the Series 2019-1 Notes (i) as part of its distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the Closing Date, within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Rule 144A or Regulation S under the Securities Act, as applicable. Resales of the Notes are restricted as described under the transfer restrictions set forth under "*Notice to Investors*" in this Offering Memorandum.

In addition, until 40 days after the commencement of the offering, an offer or sale of the Series 2019-1 Notes within the United States by a broker/dealer (whether or not it is participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than pursuant to Rule 144A.

The Initial Purchaser and its affiliates may have had in the past and may in the future have business relationships and dealings with the Issuer, the Manager, the Parent and their affiliates with respect to SHRECs. The Initial Purchaser and its affiliates may have provided and may in the future provide investment banking services to such entities or their affiliates and may have received or may receive compensation for such services.

Purchasers of Notes sold outside the United States may be required to pay stamp taxes and other charges in compliance with the laws and practices of the country of purchase in addition to the price to investors on the cover page of this Offering Memorandum.

The Issuer and has agreed to indemnify the Initial Purchaser against certain securities law liabilities or to contribute to payments which it may be required to make in that respect. In addition, the Issuer will agree to reimburse the Initial Purchaser for certain of their expenses incurred in connection with the closing of the transactions contemplated hereby.

No action has been or will be taken by the Issuer or any other person that would or is intended to permit a public offer of Series 2019-1 Notes in any country or jurisdiction where action for that purpose is required. Accordingly, no offer or sale of any Series 2019-1 Notes has been authorized in any country or jurisdiction where action for that purpose is required, and neither this Offering Memorandum nor any other circular, prospectus, form of application, advertisement or other material may be distributed in or from or published in any country or jurisdiction, except under circumstances which will result in compliance with applicable laws and regulations. The Issuer will have no responsibility with respect to the right of any person to offer or sell Series 2019-1 Notes or to distribute this Offering Memorandum or any other offering material relating to the Notes in any country or jurisdiction except in compliance with applicable law.

The Series 2019-1 Notes are new securities for which there currently is no market. The Initial Purchaser intends to make a market in the Series 2019-1 Notes as permitted by applicable law. It is not obligated, however, to make a market in the Series 2019-1 Notes and any market-making may be discontinued at any time at its sole discretion. Accordingly, we cannot assure you as to the development or liquidity of any market for the Series 2019-1 Notes, or if one does develop, that it will continue.

In connection with the offering of the Series 2019-1 Notes, the Initial Purchaser may engage in overallotment, stabilizing transactions and syndicate covering transactions. Overallotment involves sales in excess of the offering size, which creates a short position for the Initial Purchaser. Stabilizing transactions involve bids to purchase the Series 2019-1 Notes in the open market for the purpose of pegging, fixing or maintaining the price of the Series 2019-1 Notes. Syndicate covering transactions involve purchases of the Series 2019-1 Notes in the open market after the distribution has been completed in order to cover short positions. Stabilizing transactions and syndicate covering transactions may cause the price of the Series 2019-1 Notes to be higher than it would otherwise be in the absence of those transactions. If the Initial Purchaser engages in stabilizing or syndicate covering transactions and penalty bids, it may discontinue them at any time without notice.

It is expected that delivery of the Notes will be made against payment therefor on or about the Closing Date specified in this Offering Memorandum.

LEGAL MATTERS

The validity of the Notes and certain federal income tax matters will be passed upon for the Issuer by Pullman & Comley, LLC. Certain legal matters will be passed upon for the Initial Purchaser by King & Spalding LLP.

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SCHEDULE A

Payment Date	Series 2019-1 Class A Note Balance	Series 2019-1 Class B Note Balance
Closing Date	$36,800,000	$1,800,000
06/15/2019	$36,704,000	$1,795,000
09/15/2019	$36,364,000	$1,779,000
12/15/2019	$35,506,000	$1,737,000
03/15/2020	$34,625,000	$1,694,000
06/15/2020	$34,565,000	$1,691,000
09/15/2020	$34,319,000	$1,679,000
12/15/2020	$33,442,000	$1,636,000
03/15/2021	$32,619,000	$1,595,000
06/15/2021	$32,535,000	$1,591,000
09/15/2021	$32,257,000	$1,578,000
12/15/2021	$31,356,000	$1,534,000
03/15/2022	$30,519,000	$1,493,000
06/15/2022	$30,377,000	$1,486,000
09/15/2022	$30,076,000	$1,471,000
12/15/2022	$29,131,000	$1,425,000
03/15/2023	$28,278,000	$1,383,000
06/15/2023	$28,106,000	$1,375,000
09/15/2023	$27,783,000	$1,359,000
12/15/2023	$26,810,000	$1,311,000
03/15/2024	$25,923,000	$1,268,000
06/15/2024	$25,745,000	$1,259,000
09/15/2024	$25,376,000	$1,241,000
12/15/2024	$24,426,000	$1,195,000
03/15/2025	$23,508,000	$1,150,000
06/15/2025	$23,298,000	$1,140,000
09/15/2025	$22,886,000	$1,119,000
12/15/2025	$21,896,000	$1,071,000
03/15/2026	$20,939,000	$1,024,000
06/15/2026	$20,681,000	$1,012,000
09/15/2026	$20,237,000	$990,000
12/15/2026	$19,219,000	$940,000
03/15/2027	$18,235,000	$892,000
06/15/2027	$17,945,000	$878,000
09/15/2027	$17,460,000	$854,000
12/15/2027	$16,397,000	$802,000
03/15/2028	$15,370,000	$752,000
06/15/2028	$15,023,000	$735,000
09/15/2028	$14,511,000	$710,000
12/15/2028	$13,405,000	$656,000
03/15/2029	$12,336,000	$603,000
06/15/2029	$11,947,000	$584,000
09/15/2029	$11,390,000	$557,000
12/15/2029	$10,241,000	$501,000

Payment Date	**Series 2019-1 Class A Note Balance**	**Series 2019-1 Class B Note Balance**
03/15/2030	$9,146,000	$447,000
06/15/2030	$8,709,000	$426,000
09/15/2030	$8,100,000	$396,000
12/15/2030	$6,911,000	$338,000
03/15/2031	$5,762,000	$282,000
06/15/2031	$5,278,000	$258,000
09/15/2031	$4,626,000	$226,000
12/15/2031	$3,400,000	$166,000
03/15/2032	$2,204,000	$108,000
06/15/2032	$1,683,000	$82,000
09/15/2032	$1,313,000	$64,000
12/15/2032	$657,000	$32,000
03/15/2033	$0	$0

SCHEDULE B

The information set forth below was prepared on the basis of the assumptions described in the following paragraph (the "**Structuring Assumptions**") and constitutes forward-looking statements. Prospective investors in the Series 2019-1 Notes should be aware, however, that, to the extent actual experience differs from the scenario assumed in the Structuring Assumptions, the Series 2019-1 Notes may mature earlier or later than indicated by the tables set forth below. In addition, it is highly unlikely that the SHREC Assets will pay in a manner consistent with the Structuring Assumptions. Prospective investors are urged to conduct their own analyses of the rates at which the SHREC Assets may be expected to pay.

The following tables have been prepared for the Series 2019-1 Notes assuming:

(i) the Closing Date is March 21, 2019

(ii) the Payment Date for the Series 2019-1 Notes is the 15th day of each March, June, September and December, beginning in June 2019, whether or not the 15th day of each such month is a Business Day;

(iii) the Master Purchase Agreements remain in full force and effect

(iv) the Note Rate for the Series 2019-1 Class A Notes is equal to 5.46% and the Note Rate for the Series 2019-1 Class B Notes is equal to 6.92%;

(v) the amount on deposit in the Liquidity Reserve Account on the Closing Date is $1,066,920.00;

(vi) the Trustee Fee is equal to $10,000 per annum, payable quarterly, commencing on the Payment Date occurring in June 2019 and there are no indemnity payments, expenses or other amounts paid by the Trustee;

(vii) the Management Fee is equal to $100,000 per annum, payable quarterly, commencing on the Payment Date occurring in June 2019, with an annual escalator of 2%; and

(viii) the SHREC Receivables are received consistent with the schedule of SHREC Receivables below:

Payment Date	SHREC Tranche 1 Receivables	SHREC Tranche 2 Receivables
06/15/2019	$358,500	$444,185
09/15/2019	$469,400	$580,748
12/15/2019	$811,100	$988,624
03/15/2020	$783,450	$956,431
06/15/2020	$356,700	$441,980
09/15/2020	$467,100	$577,857
12/15/2020	$807,050	$983,675
03/15/2021	$779,500	$951,678
06/15/2021	$354,950	$439,775
09/15/2021	$464,750	$574,966
12/15/2021	$803,000	$978,775
03/15/2022	$775,650	$946,925
06/15/2022	$353,200	$437,570
09/15/2022	$462,400	$572,124
12/15/2022	$799,000	$973,875
03/15/2023	$771,800	$942,221
06/15/2023	$351,400	$435,365
09/15/2023	$460,100	$569,282
12/15/2023	$795,050	$969,024
03/15/2024	$767,900	$937,517
06/15/2024	$349,650	$433,209
09/15/2024	$457,850	$566,440
12/15/2024	$791,050	$964,173
03/15/2025	$764,100	$932,813
06/15/2025	$347,900	$431,102

Payment Date	SHREC Tranche 1 Receivables	SHREC Tranche 2 Receivables
09/15/2025	$455,550	$563,598
12/15/2025	$787,100	$959,371
03/15/2026	$760,300	$928,158
06/15/2026	$346,200	$428,897
09/15/2026	$453,250	$560,805
12/15/2026	$783,200	$954,618
03/15/2027	$756,500	$923,552
06/15/2027	$344,450	$426,741
09/15/2027	$450,950	$558,012
12/15/2027	$779,300	$949,816
03/15/2028	$752,750	$918,946
06/15/2028	$342,700	$424,634
09/15/2028	$448,750	$555,219
12/15/2028	$775,400	$945,112
03/15/2029	$749,000	$914,340
06/15/2029	$341,000	$422,527
09/15/2029	$446,500	$552,426
12/15/2029	$771,550	$940,408
03/15/2030	$745,250	$909,783
06/15/2030	$339,300	$420,420
09/15/2030	$444,300	$549,682
12/15/2030	$767,700	$935,704
03/15/2031	$741,500	$905,275
06/15/2031	$337,600	$418,313
09/15/2031	$442,100	$546,938
12/15/2031	$763,850	$931,049
03/15/2032	$737,800	$900,718
06/15/2032	$335,950	$416,206
09/15/2032	$0	$544,243
12/15/2032	$0	$926,394
03/15/2033	$0	$896,259
06/15/2033	$0	$414,148
Thereafter	$0	$0

The table below shows, for each Payment Date presented, the percentage of the Initial Note Balance of each Class of Series 2019-1 Notes expected to be outstanding after such Payment Date, after giving effect to payments on such date, based on the Structuring Assumptions and assuming no Optional Prepayment of the Series 2019-1 Notes occurs.

Payment Date	**Percentage of Initial Note Balance of the Series 2019-1 Class A Notes**	**Percentage of Initial Note Balance of the Series 2019-1 Class B Notes**
Closing Date	100.0%	100.0%
06/15/2019	99.7%	99.7%
09/15/2019	98.8%	98.8%
12/15/2019	96.5%	96.5%
03/15/2020	94.1%	94.1%
06/15/2020	93.9%	93.9%
09/15/2020	93.3%	93.3%
12/15/2020	90.9%	90.9%
03/15/2021	88.6%	88.6%
06/15/2021	88.4%	88.4%
09/15/2021	87.7%	87.7%
12/15/2021	85.2%	85.2%
03/15/2022	82.9%	82.9%
06/15/2022	82.5%	82.6%
09/15/2022	81.7%	81.7%
12/15/2022	79.2%	79.2%
03/15/2023	76.8%	76.8%
06/15/2023	76.4%	76.4%
09/15/2023	75.5%	75.5%
12/15/2023	72.9%	72.8%
03/15/2024	70.4%	70.4%
06/15/2024	70.0%	69.9%
09/15/2024	69.0%	68.9%
12/15/2024	66.4%	66.4%
03/15/2025	63.9%	63.9%
06/15/2025	63.3%	63.3%
09/15/2025	62.2%	62.2%
12/15/2025	59.5%	59.5%
03/15/2026	56.9%	56.9%
06/15/2026	56.2%	56.2%
09/15/2026	55.0%	55.0%
12/15/2026	52.2%	52.2%
03/15/2027	49.6%	49.6%
06/15/2027	48.8%	48.8%
09/15/2027	47.4%	47.4%
12/15/2027	44.6%	44.6%
03/15/2028	41.8%	41.8%
06/15/2028	40.8%	40.8%
09/15/2028	39.4%	39.4%

Payment Date	Percentage of Initial Note Balance of the Series 2019-1 Class A Notes	Percentage of Initial Note Balance of the Series 2019-1 Class B Notes
12/15/2028	36.4%	36.4%
03/15/2029	33.5%	33.5%
06/15/2029	32.5%	32.4%
09/15/2029	31.0%	30.9%
12/15/2029	27.8%	27.8%
03/15/2030	24.9%	24.8%
06/15/2030	23.7%	23.7%
09/15/2030	22.0%	22.0%
12/15/2030	18.8%	18.8%
03/15/2031	15.7%	15.7%
06/15/2031	14.3%	14.3%
09/15/2031	12.6%	12.6%
12/15/2031	9.2%	9.2%
03/15/2032	6.0%	6.0%
06/15/2032	4.6%	4.6%
09/15/2032	3.6%	3.6%
12/15/2032	1.8%	1.8%
03/15/2033	0.0%	0.0%
Weighted Average Life (years)*	7.78	7.78
Expected Final Principal Payment Date	03/15/2033	03/15/2033

*Calculated by (i) multiplying the amount of each distribution of principal on each Class of Series 2019-1 Notes by the number of years from the Closing Date to the related Payment Date, (ii) adding the results and (iii) dividing by the Initial Note Balance of such Notes

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$36,800,000 Series 2019-1 Notes, Class A
$1,800,000 Series 2019-1 Notes, Class B

SHREC Collateralized Notes

SHREC ABS 1 LLC
Issuer

Connecticut Green Bank
Parent and Manager

OFFERING MEMORANDUM

RBC CAPITAL MARKETS

Sole Structuring Agent and Sole Bookrunner

MARCH ●, 2019

GlobalCapital

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Green Bank markets “SHREC” solar ABS deal

Connecticut Green Bank is issuing a $38.6m solar deal backed by the proceeds from the sale of solar home renewable energy credits (SHREC).

By Jennifer Kang *08:15 PM*

The senior class ‘A’ notes were given a preliminary A minus rating by Kroll, while the class ‘B’ notes were given a preliminary triple-B minus rating. The SHREC program entails a Master Purchase Agreement between the Green Bank and Connecticut’s two investor-owned utilities, Eversource and United Illuminating. Under the agreement, Eversource is mandated to buy 80% of the SHRECs created within each tranche and United Illuminating is required to purchase the remaining 20%.

GlobalCapital

“I think that’s pretty unique – to have a standalone SHREC kind of deal,” a deal advisor familiar with the transaction said. “I don’t think I’ve seen a deal that solely does renewable energy credit. A lot of deals are a combination of customer credit (investment tax credit) and renewable energy credit.”

Printed by rjhunter@spectrumcapital.com

Investment tax credit allows individuals to claim a portion of solar project costs as a credit on their federal tax return. Renewable energy credit is a tradeable credit that represents one megawatt-hour of electricity generated from a renewable energy source.

SHRECs are created from solar photovoltaic (PV) systems, which are grouped together into annual tranches and sold at a fixed price over a 15 year period to Eversource and United Illuminating, according to a Kroll pre-sale report. This particular transaction will consist of 6,788 PV systems in tranche 1 and 7,250 PV systems in tranche 2. The price for each tranche is $50.00 and $49.00 per SHREC respectively.

A major credit weakness could be that the transaction lacks an insurance program, analysts wrote in the pre-sale report. Typically, transactions with generation risk comes with an insurance policy to minimize damage that may result when solar panels are unable to produce adequate renewable energy for whatever reason. Moreover, the limited number of utilities the company depends on can be a credit risk as well.

“The risk you get sometimes with these deals is, Green Bank only has two utilities, which means only two credits for the entire [loan],” the deal advisor further explained. “They are not diversifying the risk. The deal depends on these two utilities existing and paying.”

Green Bank was established by Connecticut’s General Assembly in 2011 as a “quasi-public” agency. The bank encourages private investments into clean energy by using limited public dollars to facilitate the deployment of green energy. Green Bank has approximately $185m in assets and has deployed more than 285 megawatt of clean renewable energy as of December 2018.

“The solar asset class has evolved,” the deal advisor said. “For example, the first SolarCity deal included just PPA and leases. In a lot of ways it looked a lot like an equipment deal.” Now, deals are taking numerous forms. Green Bank’s recent offering is just another example of the variation.

Meanwhile, another solar deal in the market was priced on Thursday. The first issuance for the California issuer Loanpal, Mill City 2019-1 is collateralized by a pool of residential solar loans. The $210m class ‘A’ tranche priced at 190bps over swaps and the $11m class ‘B’ tranche priced at 250bps over swaps. (For full pricing details, see *GlobalCapital*’s US priced deals database).

By Jennifer Kang *08:15 PM*

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Bridgeport, CT Fuel Cell Project

Green Bank Performance Assurance Finance Facility

Related to a Green Bank Fuel Cell Acquisition Financing Facility

Approval Request

March 27, 2019

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Document Purpose: This document contains background information and due diligence on a proposed performance assurance finance facility for FuelCell Energy, Inc. ("FCE" and NASDAQ: FCEL) related to the acquisition of a fuel cell project designed, built, and operated by FCE and currently owned by Dominion Energy, Inc. ("Dominion" and NYSE: D) and located in Bridgeport, CT. The information herein is provided to the Connecticut Green Bank Board of Directors for the purposes of reviewing and approving recommendations made by the staff of the Connecticut Green Bank.

In some cases, this package may contain, among other things, trade secrets and commercial or financial information given to the Connecticut Green Bank in confidence and should be excluded under C.G.S. §1-210(b) and §16-245n(D) from any public disclosure under the Connecticut Freedom of Information Act. If such information is included in this package, it will be noted as confidential.

Program Qualification Memo

To: Connecticut Green Bank Board of Directors

From: Bert Hunter, EVP & CIO[1]

Cc: Bryan Garcia, President & CEO; Brian Farnen, General Counsel & CLO; Selya Price, Director, Infrastructure Programs

Date: March 27, 2019

Re: FuelCell Energy Performance Assurance Finance Facility – Bridgeport Fuel Cell Project

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Summary

The purpose of this memo is to request approval from the Connecticut Green Bank ("Green Bank") Board of Directors (the "Board") to allow the Green Bank to shift approximately $1.8 million of approved credit exposure from a merchant (i.e. subject to spot market electricity and REC market pricing) project secured financing facility, with a reliance on a FuelCell Energy, Inc. ("FCE") corporate guaranty to backstop that merchant exposure, to an FCE corporate loan with a project-secured collateral package. Green Bank staff believes the mix of corporate and project level credit exposures between the two facilities (discussed below) present overall similar risk profiles to the Green Bank, and therefore the requested approval does not represent a material overall change in portfolio risk exposure. On March 27, 2019, the Green Bank Deployment Committee (the "Deployment Committee") approved a resolution to recommend this transaction to the Board for approval.

Deleted: Deployment Committee (the "Deployment Committee") to recommend to the Green Bank Board of Directors (the "Board") that

The requested shift in exposure will provide a performance assurance finance facility (the "PAFF") needed to complete the overall financing package for FCE's acquisition of the 14.9 MW fuel cell project (designed, built, and operated by FCE and currently owned by Dominion Energy, Inc. ("Dominion")) located in Bridgeport, CT (the "Project"). In December 2018 the Board approved staff's request to repurpose $6,026,165.34 of principal of its then current $6,026,165.34 outstanding term loan with FCE (the "Original Use Loan"), utilized by FCE in 2013 for the development, construction, and funding of the Project, into a subordinated loan (the "Refinanced Loan") secured by a lien on all Project assets and assignment of Project contracts and cashflows, second in priority to up to approximately $25 million in a syndicated senior loan (the "Senior Loan" and together with the Refinanced Loan, the "Acquisition Funding Facility") from Liberty Bank and Fifth Third Bank (the "Senior Lenders"). Legal counsel for the Senior Lenders, FCE and Green Bank are completing drafting of the Acquisition Funding Facility and anticipate closing the acquisition of the Project from Dominion by the first week of April.

Background

As explained to the Board in December, the Original Use Loan was utilized in 2013 as part of an overall financing arrangements for the development, construction, and funding of the Project. At the time of

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[1] Prepared with the assistance of Chris Magalhaes, CIO, Inclusive Prosperity Capital

development, the Project was sold by FCE to Dominion Energy, Inc. ("Dominion") as a strategic asset sale, with FCE retaining a position as the plant operator via an O&M agreement with a term matching an underlying 15-year energy purchase agreement ("EPA") with Eversource Energy ("Eversource"). At the time of its commissioning in December 2013, the Project was the largest fuel cell project in North America and the largest project FCE had completed in its history. Green Bank funding of the Original Use Loan was critical to the overall successful development and sale of the Project, which in turn was a critical component of Connecticut's goals under the Project 150 program.

The Original Use Loan was approved by the Green Bank Board on November 30, 2012 as a Strategic Selection and Award pursuant to Green Bank Operating Procedures Section XII (the "Strategic Selection Procedures"), as the anticipated use of funds for the Project satisfied all relevant criteria: Special Capabilities, Uniqueness, Strategic Importance, Urgency and Timeliness, and Multiphase Project. Similarly, the Refinanced Loan also satisfies all relevant criteria as a Strategic Selection. In like fashion, the PAFF (as described further in the "Reason for Request" section below) continues to satisfy the required Strategic Selection Award criteria by facilitating FCE's ownership and continued operation of the Project):

- **Special Capabilities**: FCE not only continues to maintain significant experience in manufacturing, developing, and operating fuel cells for the Project is it also especially suited to own and operate because of its role developing and constructing the Project and then operating the Project continuously for the past 5 years as part of its O&M agreement with Dominion.

- **Uniqueness**: At the time of its commissioning, the Project was the largest fuel cell project in North America, and it continues to be one of the largest such plants in the world. The Project contributes materially to the goals set forth by the Connecticut legislature under Project 150 and is expected to continue to do so into the future.

- **Strategic Importance**: The Project is aligned with Green Bank goals, including the creation and retention of local jobs associated with FCE, the deployment of an innovative technology that will play an integral role in the economic transformation of the fuel cell industry, and the development of a clean energy generating asset that, both on an individual and a portfolio basis, will continue to provide a combination of cleaner, cheaper, and more reliable energy, while creating jobs and supporting local economic development.

- **Urgency and Timeliness**: FCE and Dominion originally targeted a financial close by the end of December 2018, and it is the current intention of FEC, Dominion, CGB and the Senior Lenders to close the transaction by the end of March or very shortly thereafter.

- **Multiphase Project**: The Bridgeport Financing Facility, and the participation of both the Green Bank and the Senior Lenders, is part of a multi-step effort to finance strategic fuel cell assets in Connecticut, including the Project, the proposed 7.4 megawatt FCE fuel cell project located at the US Naval Submarine Base, New London, CT (the "Groton Project") which was approved by

the Board in October 2018 for $5 million in subordinated loan financing (the "Groton Loan"), and the recently completed 3.7 megawatt FCE fuel cell project located at 64 Triangle Street, Danbury, CT 06810 (the "Triangle Project") which was approved by the Board in March 2017 for $5 million in senior loan financing (the "Triangle Loan") toward this merchant project (i.e., without a long term power offtaker other than the wholesale energy markets).

The Original Use Loan is current and in good standing with FCE and is in interest-only repayment until the sooner of December 1, 2021 or its conversion to the Refinanced Loan. The Original Use Loan has generated over $1.5 million in monthly interest payments from FCE to the Green Bank since the beginning of the interest-only period starting February 2014. The Groton Loan is expected close and fund later in 2019 to be part of $23 million in long term takeout funding for the Fifth Third Construction Loan which closed in February 2019 and advanced $10 million in initial construction financing funding. The Triangle Loan has yet to be documented and drawn as the federal 30% Investment Tax Credit ("ITC") was reinstated for fuel cells in between initial Board Approval and final documentation, and FCE has been working to complete funding for Triangle either by way of a sale and leaseback facility or a traditional partnership flip transaction with tax equity to utilize the investment tax credit and accelerated depreciation benefits associated with the Triangle Project.

Reason for Request

As part of the Bridgeport EPA between Bridgeport Fuel Cell Park, LLC ("BFCP")[2] and Eversource, BFCP, as energy supplier, must satisfy the EPA performance assurance requirements. These requirements protect Eversource in the event of a breach of BFCP's obligations, in particular the cessation or suspension of BFCP's operations. Such a breach would entitle Eversource to draw on or otherwise call on any and all performance assurance as set forth in the EPA. Under the existing arrangements with Dominion as the owner of BFCP, Dominion posts a corporate guaranty to satisfy the performance assurance requirements. Upon acquisition by FCE of BFCP, Eversource is requiring BFCP to post a letter of credit to satisfy the performance assurance requirements. The PAFF, at $1.8 million, provides for all of the cash needed to satisfy the Eversource performance assurance requirements.

Typically, in order to post a letter of credit, banks will require such letter of credit to be supported by cash collateral, often 100%. Green Bank has approached Amalgamated Bank to consider fulfilling the requirement as letter of credit provider (Amalgamated previously did due diligence on the Project in order to lend alongside Liberty Bank, but Fifth Third Bank was able to issue its commitment for the Project sooner than Amalgamated). Separately, FCE has approached Fifth Third with the request that it consider fulfilling the requirement as letter of credit provider. At this stage, it is unclear if either Amalgamated or Fifth Third would be able to fulfill the requirement as letter of credit provider. Further, a requirement by any bank of a 100% cash collateralization for a letter of credit would essentially result in no economic benefit to FCE's position in the transaction (as otherwise FCE would just post the full performance assurance requirement itself as cash in an account).

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[2] BFCP is the special purpose entity ("SPE") that owns the entirety of the project assets of the Project. Upon financing closing, FCE (or a subsidiary of FCE) will acquire BFCP from Dominion.

Accordingly, given the urgency of the need from an FCE corporate liquidity perspective (funds are needed to continue fulfilling its predevelopment and development requirements for an historically large project pipeline), Green Bank proposes – in a fashion similar to the Bridgeport Original Use Loan – to finance the cash requirement associated with fulfilling the performance assurance requirement for the letter of credit provider.

The Refinanced Loan & Overall FCE Credit Risk Exposure

The Board is aware of what staff consider to be acceptable risks associated with the Project as these were spelled out in the Green Bank Loan Refinancing Approval Request dated December 14, 2018 and approved by the Board in December 2018. A brief summary is recapped here.

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Dominion's decision to sell the Project is in line with the passing of the 5-year anniversary of its purchase of the Project in December 2018. Strategically, Dominion decided to rebalance its portfolio of generating assets, and to redeploy capital now that the 30% ITC that Dominion realized upon its purchase is fully vested and clear of recapture risk from the IRS, allowing the Project to change owners without adverse impact to Dominion's after-tax economic return on the Project. Importantly, the project remains performing and producing under its EPA obligations with Eversource, which has 10 years remaining under contract, and so Dominion's decision to sell was not due to Project-related issues or shortcomings.

FCE winning net bid of $35.6 million for the Project is itself is a vote of confidence in the Project, as FCE built the Project through its own vertically integrated manufacturing process and continues to operate and maintain the asset under its O&M agreement with Dominion. Further, given the size of the Project, its geographic proximity to FCE's corporate headquarters in CT, and its ability to continue to produce cashflows under the remaining 10 years of its EPA with Eversource and thereafter via wholesale/merchant sales to the grid, FCE views the Project as a strategic asset and thus is motivated through economic as well as market-driven incentives to keep the Project in good standing and performing to expectations. Notwithstanding FCE's motivations however, in the course of its diligence Green Bank staff reviewed for the December proposal Project-related risks and mitigants, including performance risk. Further detail of the Green Bank's exposure vis-à-vis the Refinanced Loan can be found in the "**Risks & Mitigants**" section below.

Assessing FCE's net bid of $35.6 million relative to expected Project cashflows, looking solely at contracted revenue under the Eversource EPA, the Project delivers $105.5 million in revenue over the next 10 years relative to $46.8 million in operating expenses over that same period (inclusive of expected restacking expenditures), resulting in $58.7 million of contracted EBITDA or a 9.8% unlevered, pre-tax rate of return on those contracted net cashflows. In addition to EPA cashflows, the Project also monetizes Class I RECs, which are uncontracted and the price of which is determined through supply and demand dynamics in the Connecticut Class I REC market. Assuming a Class I REC price of $5.00 per REC across the remaining 10-year EPA term, which is where the market has been trading recently but which is materially lower than both historic prices and expected future prices, the unlevered, pre-tax rate of return on FCE's bid increases to approximately 12.0%.

To summarize, the current Board-approved credit exposure to FCE is as follows:

Project	Financing Facility	Credit Exposure
Bridgeport (15 MW)	Acquisition Funding Facility - Subordinated	$ 6.0 million
Groton (7.4 MW)	Long Term Loan (construction takeout) - Subordinated	$ 5.0 million
Triangle (3.7 MW)	Long Term Loan (developer takeout) - Senior	$ 5.0 million
	Aggregate Exposure:	**$16.0 million**

Acquisition Funding Facility

Under the PAFF, Green Bank will add approximately $1.8 million to its existing $6 million exposure in Bridgeport which is a loan to BFCP subordinated to the Senior Lenders as part of the Acquisition Funding Facility. To be clear, even though under the PAFF the Green Bank will add approximately $1.8 million of exposure to the Project, that additional exposure to the Project will be offset by a reduction in exposure to the Triangle Project, resulting in the same overall total exposure of $16.0 million to FCE. What does change however is that the $1.8 million of PAFF exposure shifts from merchant plant tied (with a corporate guaranty) exposure to corporate exposure bolstered by a project collateral package.

Under the refinancing structure and terms approved by the Board in December for the Project, the Green Bank will repurpose $6,026,165.34 of principal of the Original Use Loan into the Refinanced Loan; a subordinated loan, secured by a lien on all Project assets and assignment of Project contracts and cashflows, second in priority to up to approximately $25 million in senior loans from the Senior Lenders. The Refinanced Loan will carry an interest rate of 8.00% (P.A.) and will have a more sculpted amortization than the mortgage-style principal repayment schedule described in the memorandum to the Board in December 2018, however, the Refinanced Loan would still mature over a 7-year term (December 2018 to December 2025). (These updated conditions were reported out to the Board at its February 2019 meeting – see "Proforma Cashflows" later in this memorandum.) In comparison, the Original Use Loan to the FCE parent carries a 5.00% (P.A.) interest rate, is interest-only until December 2021 and then amortizes over even-principal payments across a 4-year term (final repayment November 2025), and is secured by (i.) a second priority, subordinated security interest (behind Dominion) in the $15 million reserve and performance escrow account (the "Escrow Account"), and (ii.) a first priority interest in FCE's right to receive interest on the balance of the Escrow Account.

Performance Assurance Finance Facility ("PAFF")

Similar to the Original Use Loan, the proposed approximate $1.8 million PAFF would also have credit exposure to the FCE parent (by way of a loan to FCE Inc.) and would also benefit from (i.) a security interest in the approximate $1.8 million cash collateral account (the "Escrow Account") second in priority to the letter of credit provider, (ii.) a first priority interest in BFCP's right to receive interest on the balance of the Escrow Account, (iii.) a second priority interest in the security package provided to the Senior Lenders (which, by virtue of Green Bank's Refinanced Loan for the Project, Green Bank will already have), (iv.) a 50% cash sweep on any cash eligible for distribution from BFCP to its upstream entities, and (v.) a prohibition on any leverage on the project or its related cash flows other than the

Acquisition Funding Facility. A similar mix of corporate and project level assurances and security interests is also found in the overall credit exposure of the Triangle Loan.

Given the non-amortizing nature of the PAFF (which in a worst case scenario would extend to the remaining life of the EPA *plus* 91 days), Green Bank will benefit from an 8.00% (P.A.) interest rate on the PAFF funding. Based on proforma project financials (see "Proforma Cashflows" later in this memorandum) that have been agreed between the Senior Lenders and Green Bank, and assuming the 50% of free cash sweep, the PAFF is retired by FCE 9 months before the maturity of our Refinanced Loan (i.e., over seven (6-1/4 years to be precise)) with the overwhelming majority of repayment occurring in year 6 when annual free cash flow is projected to be in excess of $3.2 million (this is due to the step-down in module replacement reserves after year 5).

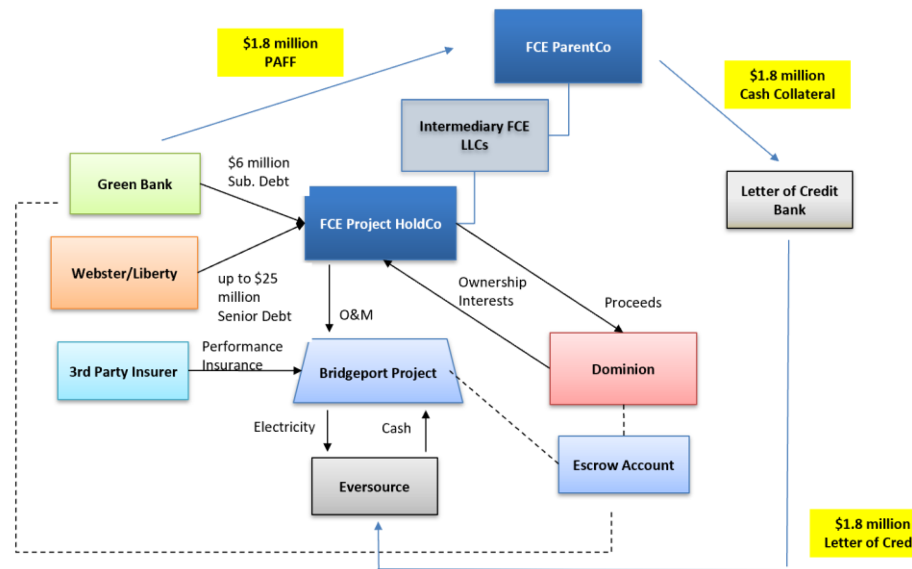
Given the proposed security package and terms and conditions, Staff is comfortable with the risks which considers the four (4) year tail of free cash flow which, without any debt burden on BFCP by the Senior Lenders after year 6, and by the Green Bank after year 7, totals approximately $40 million. Green Bank will reduce its exposure to the Triangle Project in order to maintain Green Bank's credit exposure to FCE in line with present levels ($16 million). Given, as stated above, the similar mix of corporate and project level credit exposure profiles between the Original Use Loan, the Triangle Loan, and the PAFF, staff believes the shift in exposure from the Triangle Loan to the PAFF does not present a material overall shift in portfolio risk to the Green Bank. Green Bank credit exposure to FCE following approval of the PAFF would be as follows:

Project	Financing Facility	Credit Exposure
Bridgeport (15 MW)	Acquisition Funding Facility – Subordinated	$ 6.0 million
Bridgeport (15 MW)	Performance Assurance Finance Facility – Subordinated	$ 1.8 million
Groton (7.4 MW)	Long Term Loan (construction takeout) – Subordinated	$ 5.0 million
Triangle (3.7 MW)	Long Term Loan (developer takeout) – Senior	$ 3.2 million
	Aggregate Exposure:	**$16.0 million**

Proforma Cash Flows

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Total Contracted Revenues	$ 10,115,767	$ 9,924,619	$ 9,832,829	$ 10,421,229	$ 10,617,629	$ 10,545,336	$ 10,545,336	$ 10,545,336	$ 10,545,336	$ 10,545,336
Total Expenses	$ (2,171,466)	$ (1,856,446)	$ (1,853,813)	$ (2,130,844)	$ (2,425,298)	$ (1,644,366)	$ (1,644,366)	$ (1,644,366)	$ (1,644,366)	$ (1,644,366)
Senior Debt DSCR										
Contracted CAFDS (Senior)	$ 7,944,301	$ 8,068,173	$ 7,979,016	$ 8,290,385	$ 8,192,331	$ 8,900,970	$ 8,900,970	$ 8,900,970	$ 8,900,970	$ 8,900,970
Uncontracted RECs ($5/REC/MWh)	$ 568,110	$ 557,375	$ 552,220	$ 585,265	$ 596,295	$ 592,235	$ 592,235	$ 592,235	$ 592,235	$ 592,235
Total CAFDS (Senior)	$ 8,512,411	$ 8,625,548	$ 8,531,236	$ 8,875,650	$ 8,788,626	$ 9,493,205	$ 9,493,205	$ 9,493,205	$ 9,493,205	$ 9,493,205
Senior Debt Service	$ (5,084,066)	$ (5,084,066)	$ (5,084,066)	$ (5,084,066)	$ (5,084,066)	$ (5,084,066)	$ -	$ -	$ -	$ -
ECF After Senior Debt Service	$ 3,428,345	$ 3,541,482	$ 3,447,170	$ 3,791,584	$ 3,704,560	$ 4,409,139	$ 9,493,205	$ 9,493,205	$ 9,493,205	$ 9,493,205
Senior Debt DSCR	1.67x	1.7x	1.68x	1.75x	1.73x	1.87x				
Junior Debt DSCR										
ECF After Senior Debt Service	$ 3,428,345	$ 3,541,482	$ 3,447,170	$ 3,791,584	$ 3,704,560	$ 4,409,139	$ 9,493,205	$ 9,493,205	$ 9,493,205	$ 9,493,205
Module Replacement Sweep	$ (2,400,000)	$ (2,400,000)	$ (2,400,000)	$ (2,400,000)	$ (2,400,000)	$ -	$ -	$ -	$ -	$ -
Total CAFDS (Junior)	$ 1,028,345	$ 1,141,482	$ 1,047,170	$ 1,391,584	$ 1,304,560	$ 4,409,139	$ 9,493,205	$ 9,493,205	$ 9,493,205	$ 9,493,205
Junior Debt Service	$ (802,434)	$ (802,434)	$ (802,434)	$ (802,434)	$ (1,152,434)	$ (1,152,434)	$ (1,152,434)	$ -	$ -	$ -
ECF After All Debt Service	$ 225,911	$ 339,048	$ 244,736	$ 589,150	$ 152,126	$ 3,256,705	$ 8,340,771	$ 9,493,205	$ 9,493,205	$ 9,493,205
Junior Debt DSCR	1.28x	1.42x	1.3x	1.73x	1.13x	3.83x	8.24x			
Junior Debt Balance	$ 4,585,331	$ 4,136,480	$ 3,650,630	$ 3,124,729	$ 2,194,837	$ 1,188,292	$ -	$ -	$ -	$ -
Module Replacement Account										
Cash Beginning Balance	$ 500,000	$ 3,125,911	$ 5,864,959	$ 4,509,695	$ 1,498,845					
Module Replacement Sweep	$ 2,400,000	$ 2,400,000	$ 2,400,000	$ 2,400,000	$ 2,400,000					
Excess Cash After Debt Service	$ 225,911	$ 339,048	$ 244,736	$ 589,150						
Module Replacement ($2MM)	$ -	$ -	$ (4,000,000)	$ (6,000,000)	$ (2,000,000)					
Cash Ending Balance	$ 3,125,911	$ 5,864,959	$ 4,509,695	$ 1,498,845	$ 1,898,845					
Pledged Modules (x2)										
Module Collateral Release										
Reserve Ending Balance										
L/C Sweep	$ -	$ -	$ -	$ -	$ -	$ 1,628,352	$ 152,685	$ -	$ -	$ -
L/C Loan Balance	$ 1,781,037	$ 1,781,037	$ 1,781,037	$ 1,781,037	$ 1,781,037	$ 1,373,949	$ -	$ -	$ -	$ -
Total Bridgeport Exposure	$ 6,366,368	$ 5,917,517	$ 5,431,667	$ 4,905,766	$ 3,975,874	$ 2,562,241	$ -	$ -	$ -	$ -

Structure Diagram



Risks & Mitigants

The Refinanced Loan and the PAFF are secured by, and repaid with, Project collateral and cashflows, and therefore the primary risk exposure to the Green Bank lies with the Project, its performance, and the ability of counterparties to perform as expected across the term at-risk Green Bank capital is outstanding. The PAFF – in first order – also benefits from FCE Inc.'s balance sheet (since the PAFF is structured as a loan to FCE, Inc.). In addition, there are secondary and tertiary considerations and risks the Green Bank may face that lay outside of the context of the Project but nonetheless warrant discussion: e.g. Green Bank portfolio exposure to FCE projects and general finance/economic market risks.

Such risks, and their mitigants, are discussed below. In addition to the previous recommendation of the conversion of the Original Use Loan to the Refinanced Loan, staff also recommends the shift in exposure from the Triangle Loan to the PAFF on the basis the overall risk profiles are similar, and that those risks have been reasonably considered and mitigated, and that the strategic importance of the Project, to both the state and Green Bank, warrant the investment.

Performance Risk

Project cashflows available for debt service can fluctuate due unexpected operational issues, resulting in lowered production which, in turn under an EPA structure, results in lower than expected contracted cashflows.

Performance Risk Mitigants:

1.) The Project has been operating for 5 years, and Green Bank has received regular performance reports over that period given its participation in the Original Use Loan. Since 2014 the Project has performed at annual rates of 101%, 94%, 79%, 84%, and has been on pace for 90% this year, respectively. Green Bank staff has interviewed FCE regarding the underperformance and reviewed an independent engineering report detailing Project history, and historical underperformance was primarily due to inverter issues that have since been identified and mitigated under an ongoing correction and replacement plan.

2.) The Green Bank pro forma sensitivity model shows that expected production going forward could drop to 90% of expectations and the Green Bank debt would still be covered by contracted cashflows. Factoring in revenue from Class I REC sales at a conservative price of $5.00 per REC, expected production could drop to 85% of expectations and the Green Bank debt would still be covered.

3.) The Project benefits from Output Performance Warranty ("OPW") insurance coverage from Energi, a leading provider of risk management and insurance for energy projects[3]. The OPW is a production guarantee that covers payment shortfalls that arise from the Project failing to meet

[3] https://www.energi.com/

a minimum guaranteed production schedule. The guaranteed production schedule in the Energi policy is above the production curve provided by FCE for the Green Bank pro forma, and project-secured lenders will be added as "loss payees" under the policy.

4.) In addition to the insurance coverage, the Green Bank will benefit from a to-be-determined amount of cash/O&M reserve fund that will further support Project shortfalls.

5.) As a condition precedent to advancing, all lenders in the Bridgeport Financing Facility will have to approve of the Project-specific independent engineering report written by DAI Management Consultants and dated December 5, 2018. The report provides a Project overview, an assessment on the production forecast, and an O&M overview.

6.) By the time of advance, FCE will have substantially completed its first phase of module replacement/restackings associated with the Project (expected final completion in January 2019), and the next set of module replacements will occur gradually over time starting with 2020 (1 of 10 modules replaced), and then 2021 (2 of 10 modules replaced), 2022 (4 of 10 modules replaced), and 2023 (1 of 10 modules replaced). The gradual module replacement process, as funded through a combination of residual Project cashflows an O&M reserves and as covered under the overarching OPW insurance coverage from Energi, minimizes the Green Bank's exposure to restacking risk.

7.) The Refinanced Loan will fully amortize in7 years, and there is 10 years remaining on the Eversource EPA, resulting in a 3-year EPA "tail" by which additional debt service could be made. That 3-year "tail" alone is expected to produce $27 million of contracted revenue net of O&M. The PAFF, being amortized in 6-1/4 years, benefits from a 4-year "tail" – with nearly $36 million of contracted revenue net of O&M.

O&M Counterparty Risk

There is the risk that FCE is unable to perform its O&M duties on the plant, jeopardizing production through both inadequate preventative O&M and restacking/module replacement efforts.

O&M Counterparty Mitigants:

1.) FCE views the Project as a strategic asset, from both economic and reputational perspective (as mentioned in the sections above), and is therefore motivated to keep the Project in good standing. There is still the risk however that, as a corporate entity, FCE could fail to continue to be a going concern and would therefore be unable to perform its O&M duties. Green Bank staff has reviewed the latest preliminary financial statements from FCE and has determined that FCE remains both solvent and liquid: as of 10/31/2018 FCE has $130 million in total current assets relative to $62 million in total current liabilities (~2.1x current ratio), and $340 million in total assets relative to $165 million in total liabilities. In addition, while FCE has clearly improved its prospects for business over the past year, its stock price has been volatile and recently was the subject of a notice from The Nasdaq Stock Market ("Nasdaq") stating that the Company is not in

compliance with Nasdaq Listing Rule 5450(a) (1) because the closing bid price of the Company's common stock was below the required minimum of $1.00 per share for the previous 30 consecutive business days. This notification has no immediate effect on the listing of the Company's common stock and in the opinion of management is manageable (see Exhibit A).

2.) Should FCE go out of business despite its current financial position, the pro forma cashflows have built in $15.2 million of preventive O&M cash that could be utilized to incent a 3rd party servicer to take FCE's position in the O&M Agreement. In addition, there is a substantial amount of post-debt residual cashflow that can be utilize for either additional O&M expenditures (e.g. restacking), sweeps into a buffeted reserve account, or for a new equity owner: using baseline production estimates, after debt service across both the Senior Lenders and the Green Bank there is $43.6 million of residual contracted cashflow (Revenue minus preventative O&M and operating expenses) available across the 10-year EPA term with Eversource. Class I REC sales priced at $5.00 per REC provide an additional $6 million in cash.

3.) The OPW insurance coverage with Energi (point #3 in the Performance Risk subsection), the lack of restacking/module replacement risk to the Refinanced Loan (point #6 in the Performance Risk subsection), and the to-be-determined amount of cash/O&M reserve fund (point #4 in the Performance Risk subsection) will also all act to mitigate O&M counterparty risk.

Structural/Subordinated Risk

The Green Bank's position as subordinated to the Senior Lenders in the Bridgeport Financing Facility exposes the Green Bank to the risks that less-than-expected cashflows will result in debt repayment shortfalls or that the Senior Lenders act in a way that is not in the best interest of the Green Bank. While the PAFF is effectively pari passu with the $6 million Green Bank subordinated loan, the PAFF also benefits from the fact that it is a loan directly to FCE Inc. (parent).

Structural/Subordinated Risk Mitigants:

1.) Green Bank staff has modeled out debt service coverage relative to contracted cashflows and the repayment of Green Bank debt, and feels comfortable with the levels of coverage (1.94x min. DSCR of post senior debt service payment contracted cashflow relative to Green Bank debt service payment and 1.16x DSCR of total debt service cashflow relative to Green Bank debt service payments). If Class I RECs priced at $5.00 per REC are included in the calculations, the DSCR's increase to 2.43x and 1.24x respectively.

2.) Green Bank staff will negotiate an intercreditor agreement with the Senior Lenders, protecting the Green Bank's interest in line with both market expectations and protections the Green Bank has instilled in previous intercreditor agreements.

3.) All of the mitigants listed under the Performance Risk and O&M Counterparty Risk subsections above will also act to mitigate Structural/Subordinated Risk.

Counterparty Credit/Payment Risk
All of the debt in the Bridgeport Financing Facility is sized against contracted cashflows under the Eversource EPA, the counterparty credit/payment risk the Green Bank faces is with Eversource. Eversource is an investment grade rated utility, and has performed to-date during the 5-year operating history of the Plant.

Commodity Risk – Natural Gas
Because the terms of FCE's EPA with Eversource dictate that Eversource is responsible for fuel (natural gas) and fuel costs for the Project, there is no natural gas/commodity risk to the Project and/or the Green Bank.

Class I REC Risk
Because all of the debt in the Bridgeport Financing Facility is sized against contracted cashflow under the Eversource EPA, there is no Class I REC risk to the Project and/or Green Bank. However, Class I REC revenue will still support the Project and buffer any shortfalls in expected cashflows – providing a benefit to the Green Bank's risk exposure.

Green Bank Portfolio/Exposure Risk
The Green Bank currently has an approval to place up to $5 million on the FCE Triangle project in Danbury, CT – though that debt placement is on hold as the project has since become eligible for a 30% Investment Tax Credit ("ITC") and FCE is currently reviewing alternative financing structures that monetize the ITC. This exposure is being reduced to $3.2 million to accommodate the PAFF. In addition, the Green Bank also has approval to place up to $5 million on the FCE U.S. Navy submarine base project in Groton, CT. The total approved exposure of the Green Bank to FCE, inclusive of the Refinanced Loan and the PAFF, is approximately $16 million – which is the limit at which staff intends to keep total exposure to FCE projects.

As a mitigation strategy to portfolio concentration, Green Bank has the ability to syndicate all or a portion of its loans in any of the above-mentioned FCE projects to 3rd party capital providers.

Market Risk
There is the general risk that adverse conditions in the financial markets cause either the Refinanced Loan to become less appealing to the Green Bank (e.g. if interest rates increase and the interest rate is less attractive relative to other investment opportunities), or impairment to the counterparties in the transaction (e.g. if interest rates increase and increased cost of capital causes economic hardship on counterparties).

The short term and amortization of the Refinanced Loan will help to mitigate market risks: the shorter time the loan is outstanding, the less exposure the loan has to market volatility.

Next Steps & Execution

Senior Lenders and the Green Bank are anticipating a close for the Acquisition Facility the first week of April. Senior Lenders, Green Bank, and FCE will work jointly on documentation in order to reach financial close.

Strategic Plan

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

Pursuant to the Green Bank's mandate to foster the growth, development, and commercialization of renewable energy sources and related enterprises, and to stimulate demand for renewable energy and the deployment of renewable energy sources that serve end use customers in Connecticut, the Board has determined that is in keeping with Conn. Gen. Stat. Section 16-245n for Green Bank to fund certain commercial activities that support projects involving the use of fuel cell technology for distributed generation ("DG") power production.

The shift in exposure from the Triangle Loan to the PAFF continues to satisfy the required Strategic Selection and Award criteria, as noted in the **Background** section above.

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?

Over the remainder of the Project's contracted term under the Eversource EPA, the Project is expected to produce 1,185,200 MWh, compared with $5.8 million of original ratepayer funds at risk, which were advanced in 2013 and subsequently accrued capitalized interest, and which now stand at $6,026,165. Compared with $6,026,165, the remainder of the Project's contracted term is expected to yield 197 kWh per $1 of funds. By increasing overall funds at risk to $7.8 million with the inclusion of the PAFF, for the remainder of the Project's contracted term the expected yield drops to 151 kWh per $1 of funds.

Terms and Conditions

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

The Refinanced Loan carries an interest rate of 8.00% over a 7-year, fully amortizing term. The Refinancing Loan will be advanced upon consummation of FCE's acquisition bid for the Project, expected in April 2019, and will be secured by a subordinated lien and position on Project assets and cashflows. The PAFF will be advanced at the same time, carries an 8.00% coupon and is substantially interest only until year 6 when substantial amortization is anticipated.

Capital Expended

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

$5.8 million of originally advanced Green Bank capital, the principal of which has since increased to $6,026,165 due to capitalized interest plus an incremental $1.8 million for the PAFF.

Risk

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

$5.8 million of originally advanced Green Bank capital, the principal of which has since increased to $6,026,165 due to capitalized interest plus an incremental $1.8 million for the PAFF.

Financial Statements

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

There would be no net change to the financial statements, as the Original Purpose Loan and the Refinanced Loan are categorized both as promissory notes (Statutory & Infrastructure programs), but the PAFF would reduce cash by $1.8 million and increase promissory notes (Statutory & Infrastructure programs) by a like amount.

Target Market

Who are the end-users of the engagement?

Eversource, and through its utility services to the general public, the ratepayers of the state of Connecticut.

Green Bank Role, Financial Assistance & Selection/Award Process

Lender via Strategic Selection process pursuant to the Green Bank Operating Procedures (see **Strategic Selection and Importance** section of this Memo).

Program Partners

FCE, the Senior Lenders and the letter of credit bank (to be identified).

Risks and Mitigation Strategies

Lending risks and mitigation strategies have been addressed in the **Risks and Mitigants** section of this Memo.

Resolutions

WHEREAS, in early 2008, the Connecticut Clean Energy Fund ("CCEF") released a Request for Proposals in the third round of solicitations for renewable energy projects to participate in statutorily mandated Project 150, an initiative aimed at increasing clean energy supply in Connecticut by at least 150MW of installed capacity and the program is designed to encourage financing of renewable energy projects through the stability of long-term energy purchase agreements for grid-tied projects;

WHEREAS, FuelCell Energy, Inc. ("FCE") submitted a proposal for the 14.9 MW fuel cell project located in Bridgeport, CT (the "Project") in response which, after thorough review, was ultimately selected and ranked by CCEF as the number one project out of the nine projects submitted in the third round;

WHEREAS, CCEF, by Board resolution dated October 27, 2008, approved grant funding for the Project in an amount of $1,550,000 subject to conditions set forth in the Project 150 Program;

WHEREAS, the Connecticut Green Bank ("Green Bank"), by Board of Directors ("Board") resolution dated November 30, 2012, approved loan financing for the Project in an amount not to exceed $5.8 million for the purposes of funding Project development costs and an operational and performance reserve account;

WHEREAS, the Green Bank has maintained its commitment to the growth, development, and commercialization of renewable energy sources and related enterprises, and to stimulate demand for renewable energy and the deployment of renewable energy sources that serve end use customers in Connecticut, including projects that utilize fuel cell technology;

WHEREAS, the in December 2018, the Board approved a repurposing of the original $5.8 million loan approved for the Project (the "Original Use Loan"), which has since increased in principal to $6,026,165 due to capitalized interest, as a subordinate loan secured by all Project assets and cashflows for the purpose of participation in a financing facility that facilities FCE's acquisition of the Project from its current owner (the "Refinanced Loan"); and

WHEREAS, the Green Bank Deployment Committee (the "Deployment Committee") recommends to the Board the approval of a Performance Assurance Finance Facility (the "PAFF") in an amount not to exceed $1.8 million to FuelCell Energy, Inc. on a full recourse basis and secured by all Project assets and cashflows, subordinated to the Senior Lenders and pari passu with the Refinanced Loan for the purpose of participation in a financing facility that facilitates FCE's acquisition of the Project from its current owner.

NOW, therefore be it:

RESOLVED, that the Board hereby approves the PAFF substantively in the form described in the Project Qualification Memo submitted by the staff to the Board and dated March 27, 2019 (the "Memorandum") as a Strategic Selection and Award pursuant to the Green Bank Operating Procedures Section XII given the special capabilities, uniqueness, strategic importance, urgency and timeliness, and multi-phase characteristics of the Bridgeport Fuel Cell Project.

RESOLVED, that the proper Green Bank 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.

Submitted by: Bryan Garcia, President and CEO and Bert Hunter, EVP and CIO.

EXHIBIT A

From: Bishop, Michael <mbishop@fce.com>
Sent: Wednesday, December 5, 2018 7:46 PM
To: Bert Hunter <Bert.Hunter@ctgreenbank.com>; Davis, Lawrence <LMDavis@WebsterBank.com>; Cantor, David <DCantor@LIBERTY-BANK.com>
Cc: Chris Magalhaes <Chris.Magalhaes@Inclusiveteam.org>; Gnedy, Elliot <egnedy@fce.com>
Subject: FCE Update
Importance: High

Hi Bert, Lawrence and David -

Just wanted to give you background on a SEC filing that FCE did on Tuesday regarding a notice from NASDAQ.

Despite our strong backlog, impressive recent announcements and commercial progress, our stock price has been trading in a range below $1.00 for 30 consecutive business days, causing us not to meet one of the listing requirements of the NASDAQ Global Stock Market where FCEL is listed. FCEL has always been a volatile stock with a trading range of over $2.00 for a good part of this year. We do comply with all other listing requirements of NASDAQ. Under the NASDAQ rules, we now have one year window to bring our share performance into compliance. The principle way which we look to resolve this is to increase the share price to closing value of $1.00 or greater for ten consecutive business days. We are confident that we will do this. There are also other mechanisms to achieve compliance during this period which are completely within the Company's control.

The broader stock market has seen recent negative performance and volatility. The Cleantech sector certainly has not been immune to this dynamic with a lot of fourth quarter selling. Interest in FuelCell Energy's business outlook and strategy remains quite high, however, and we feel strongly that the various matters we are working to execute over the coming weeks and months will provide a significant boost to investor appetite to invest in FCEL. Chip and I have both had many meetings with institutional investors over the past several months - they are following our execution story closely. Wall Street analysts are also supportive and like the business model with an average future price target of $2.76.

This notice does not impact FCE's trading on NASDAQ at all, business operations or any of our underlying agreements. FCE has received this type of notice once before and was able to resolve rather quickly.

Please call or email if you have questions and would be happy to discuss further.

Best regards,

Michael Bishop | Senior Vice President, CFO and Treasurer
Direct: 203.825.6049 | mbishop@fce.com

FuelCell Energy | 3 Great Pasture Rd | Danbury, CT 06810
www.fuelcellenergy.com |

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of report (Date of earliest event reported): November 28, 2018

FUELCELL ENERGY, INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware	1-14204	06-0853042
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(IRS Employer Identification No.)
	3 Great Pasture Road Danbury, Connecticut	06810
	(Address of Principal Executive Offices)	(Zip Code)

Registrant's telephone number, including area code: (203) 825-6000

Not Applicable
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 3.01. Notice of Delisting or Failure to Satisfy a Continued Listing Rule or Standard; Transfer of Listing.

On November 28, 2018, FuelCell Energy, Inc. (the "Company") received a letter from The Nasdaq Stock Market ("Nasdaq") stating that the Company is not in compliance with Nasdaq Listing Rule 5450(a)(1) because the closing bid price of the Company's common stock was below the required minimum of $1.00 per share for the previous 30 consecutive business days.

This notification has no immediate effect on the listing of the Company's common stock.

In accordance with Nasdaq Listing Rules, the Company has a period of 180 calendar days, or until May 28, 2019, to regain compliance with the minimum bid price requirement. If at any time before May 28, 2019 the closing bid price of the Company's common stock is at least $1.00 per share for a minimum of 10 consecutive business days, Nasdaq will provide the Company with written confirmation that it has regained compliance with the minimum bid price requirement and this matter will be closed.

The Company has notified Nasdaq of its intention to regain compliance with the Nasdaq minimum bid price requirement. The Company is currently in compliance with all other Nasdaq quantitative continued listing standards.

If the Company is unable to demonstrate compliance with Rule 5450(a)(1) by May 28, 2019, the Company can submit an application to transfer its securities to The Nasdaq Capital Market and request an additional 180 day period to regain compliance with the minimum bid price requirement.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

FUELCELL ENERGY, INC.

Date: December 4, 2018

By: /s/ Michael S. Bishop
Michael S. Bishop
Senior Vice President, Chief Financial Officer and Treasurer

845 Brook Street
Rocky Hill, CT 06067

300 Main Street, 4th Floor
Stamford, CT 06901