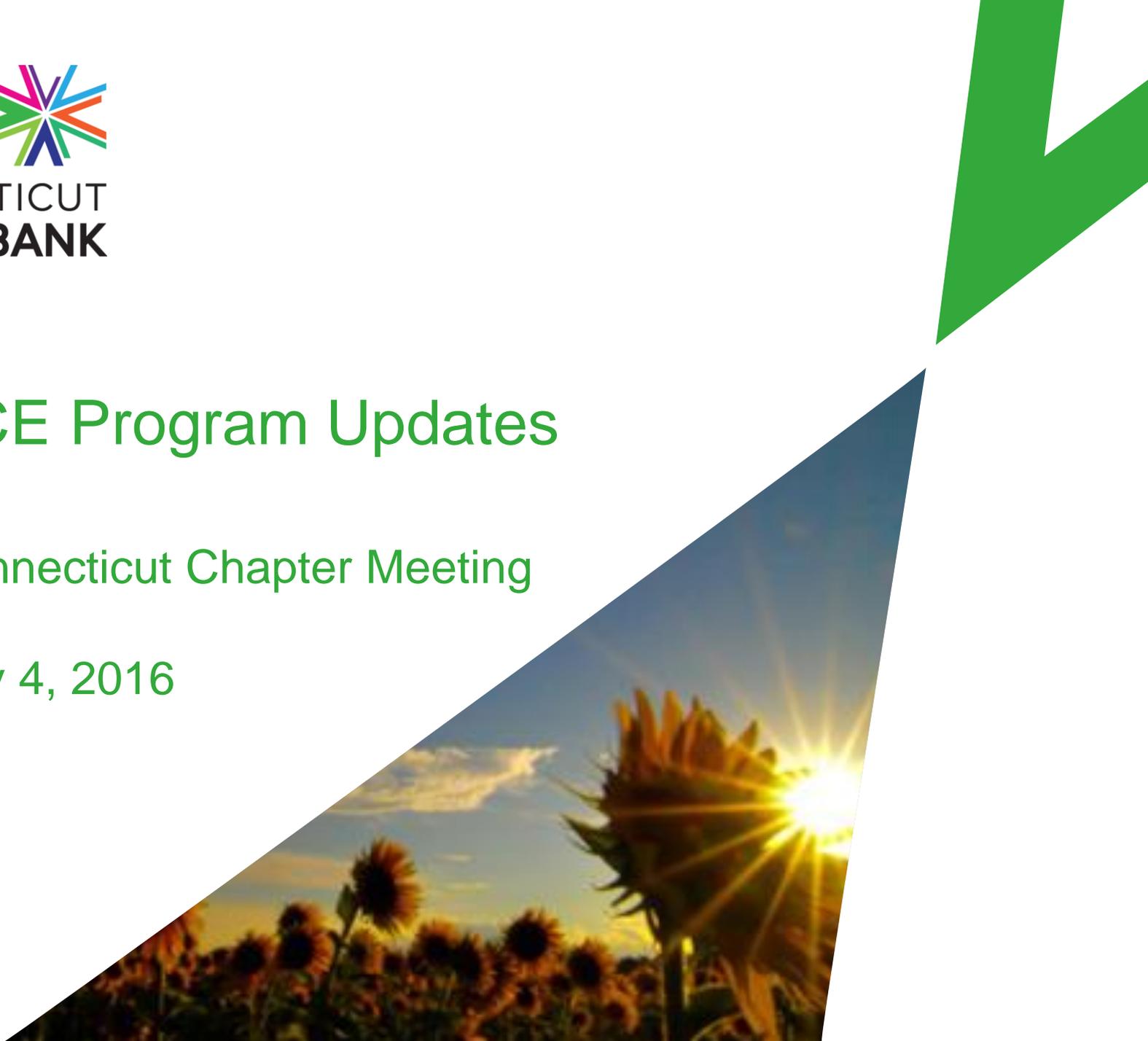




C-PACE Program Updates

AEE Connecticut Chapter Meeting

February 4, 2016



Agenda



- Who is the CT Green Bank
- Property Assessed Clean Energy
- Qualified Capital Providers
 - Concept of Open Market
 - Qualified Capital Provider RFQ
 - Standard Offer
- C-PACE Program Guidelines v5
 - Initial Application
 - Model Contracts & Financial Standards
 - Technical Standards

Who is the CT Green Bank?



Help ensure Connecticut's energy security and community prosperity by realizing its environmental and economic opportunities through clean energy finance and investments.



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

Property Assessed Clean Energy



CT Green Bank provides 100% , low-cost, long-term funding

Owner repays over time through property taxes

A senior PACE lien is put on the property and stays regardless of ownership

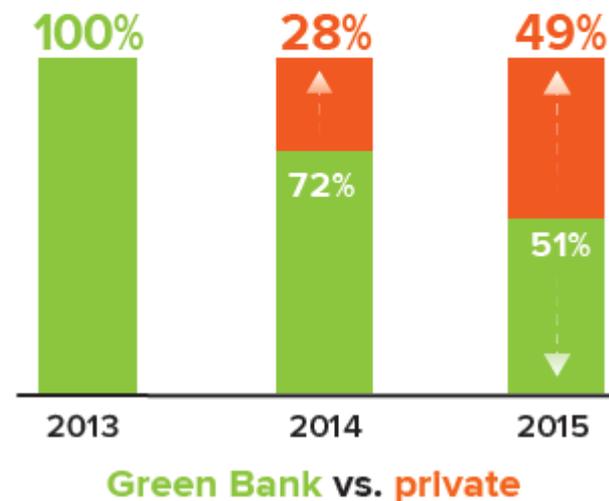
Concept of Open Market

- Connecticut maintains an “open market” approach to its C-PACE program, encouraging private Capital Providers to be the primary financier of these assessments.
- To stimulate project development and market activity, the Green Bank originated the first set of C-PACE assessments, which were sold to a Capital Provider in 2014.
- In 2015, the C-PACE legislation was altered to clarify the ability for third-party capital providers to directly offer C-PACE financing to qualifying properties.
- In 2015, Green Bank raises \$100M for C-PACE financing and Capital Providers also directly fund projects.



Total Capital Invested

Since program inception, the Green Bank is using fewer of its dollars to attract a growing amount of private capital.



Qualified Capital Providers



- Any lender interested in offering C-PACE financing must become a qualified Capital Provider.
- Interested Capital Provider should respond to a RFQ. Upon approval, the lender is registered on the Green Bank's list of qualified capital providers.
- Qualified Capital Providers receive information from the Green Bank regarding financing opportunities as well as pertinent information about the Program.
- Qualified Capital Providers wishing to directly offer C-PACE financing may execute the Standard Offer term sheet.



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REQUEST FOR QUALIFICATIONS FROM INTERESTED CAPITAL PROVIDERS
COMMERCIAL PROPERTY ASSESSED CLEAN ENERGY PROGRAM (C-PACE)

Request For Qualifications

- I. PURPOSE
 - a. Concept of 'Open Market'
 - b. Qualified Capital Provider
 - c. Standard Offer
- II. CONNECTICUT GREEN BANK BACKGROUND
- III. PROGRAM BACKGROUND
 - a. Mortgage Lender Consent
 - b. Building Eligibility
 - c. Project Eligibility
 - d. Statewide Program – Municipalities Opt In
- IV. C-PACE FINANCING SPECIFICS
- V. SUBMISSION PROCESS
- VI. TERMS AND CONDITIONS OF RFQ PARTICIPATION
- VII. GENERAL TERMS AND CONDITIONS

Appendix A: ACCREDITED INVESTOR QUESTIONNAIRE

Standard Offer



- Qualified Capital Providers who wish to directly offer C-PACE financing should execute the Standard Offer.
- Standard Offer lays out the key material terms between Capital Providers and the Green Bank as the program administrator.
- The Standard Offer includes an option for a credit enhancement from the Green Bank.

Connecticut Green Bank – [Capital Provider]
Summary of Terms and Conditions for Origination, Funding
and Administration of C-PACE Transactions

The Connecticut Green Bank (the “Program Administrator” or “Green Bank”) hereby presents this term sheet, which summarizes the primary terms and conditions for the Program Administrator and [Capital Provider] (the “Capital Provider”), regarding originating, funding and administration C-PACE transactions for qualifying commercial, industrial, not-for-profit and multifamily properties within the State of Connecticut (the “Term Sheet”).

This Term Sheet is intended as an outline of the key material terms of the originating, funding and administration relationship between the Program Administrator and the Capital Provider. Any agreement between the parties and/or commitment by the Program Administrator and the Capital Provider shall be effective only upon the execution of a model Benefit Assessment and Lien Assignment and Administration Agreement setting forth the terms of such agreement, in substantially the form attached hereto as Appendix B.

The transactions contemplated by this Term Sheet are subject to all necessary Program Administrator approvals, as directed by the Program Administrator’s bylaws, and Sections 16-245n and 16a-40g of the Connecticut General Statutes.

PROCESS FLOW AND OUTLINE FOR TRANSACTIONS CONTEMPLATED BY THIS TERM SHEET

As described in more detail below, the outline of the originating, funding and administration relationship between the Program Administrator, Borrower and the Capital Provider, is as follows:

1. Capital Provider or Borrower may submit a completed C-PACE Application and all associated documents described in Capital Provider’s or Borrower’s Obligations for any Eligible Project, as such terms are defined below.
2. Program Administrator shall review such documents and, in its sole discretion, provide Program Administrator Approval of the Eligible Project (thereby becoming an “Approved Project”).
3. Capital Provider may then enter into a Financing Agreement with Borrower (thereby becoming a “Closed Project”).
4. Capital Provider shall enter into an Administration Agreement with the Program Administrator for such Closed Project, with a Credit Enhancement if applicable.
5. Program Administrator would facilitate the filing, and assignment to Capital Provider of Benefit Assessment.
6. Program Administrator will work with the Municipality to collect any payments received pursuant the Benefit Assessment and remit such payments to Capital Provider.

Standard Offer Process



Originating, funding and administration relationship between the Green Bank, Borrower and the Capital Provider, is as follows:

- Capital Provider or Borrower submit all associated documents described in Capital Provider's or Borrower's Obligations defined in the Standard Offer.
- Green Bank shall review such documents and, in its sole discretion, provide Program Administrator Approval of the Project
- Capital Provider may then enter into a Financing Agreement with Borrower
- Capital Provider enters into an Administration Agreement with the Green Bank, with a Credit Enhancement if applicable.
- Green Bank facilitates the filing, and assignment to Capital Provider of Benefit Assessment.
- Green Bank works with the Municipality to collect any payments received pursuant the Benefit Assessment and remits such payments to Capital Provider.

Standard Offer Application



Borrower or Capital Provider (if authorized) provides the following documents to the Green Bank for each project seeking Program Administrator Approval:

- Recent title search of the property.
- If applicable, a mortgage holder consent form signed by the Borrower and any mortgage holder(s) of any mortgage(s) on the property.
- If applicable, copies of filed releases for any mortgages that appear on the title search but have since been released.
- A completed energy audit or feasibility study of the project as described in the Program Guidelines.
- All documentation required under the Program Guidelines to demonstrate that the project meets the SIR Requirement
 - CDMP
 - Technical Application Form provided by Approved Reviewer
- A disclosure of risk form signed by the Borrower summarizing the risks to Borrower for C-PACE financing.
- Current assessor property card describing the property

Capital Provider Information



<http://www.cpace.com/capitalproviders>



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Home ▶ Qualified Capital Providers

Qualified Capital Providers

Fund a C-PACE Project

Connecticut maintains an "open market" approach to its C-PACE program, encouraging private Capital Providers to be the primary financier of these assessments. Any lender interested in offering C-PACE financing must become a Qualified Capital Provider through the C-PACE Program. Instructions to register [can be found here](#).

Qualified Capital Providers receive information regarding C-PACE financing opportunities through the Green Bank and pertinent information about the Program.

Qualified Capital Providers can also directly offer C-PACE financing to building owners in Connecticut. The Green Bank has outlined this process in a [Standard Offer](#), which lays out the key material terms between Capital Providers and the Green Bank as the program administrator. The Standard Offer includes an option for a credit enhancement from the Green Bank. Interested Capital Providers should [Contact the Green Bank](#) for more information.

Capital Providers currently offering C-PACE financing directly to building owners are below. The Connecticut Green Bank also offers several options to finance C-PACE projects. Click below for more information!



HAVE A PROJECT?

▶ APPLY NOW

Resources

[Find a Contractor](#)

[Find Your Municipality](#)

[View all Projects](#)

[View Media & Communications](#)

[Program Guidelines](#)

[See our Qualified Capital Providers](#)

[Become a Qualified Capital Provider](#)

[2015 Standard Offer to Capital Providers
Originating C-PACE Transactions](#)

[RFQ for Appraisers for C-PACE Projects](#)

[Contact us!](#)



C-PACE Program Guidelines v5

Released January 19, 2016

Initial Application



- New Application



- New Contact Person

Nicholas Zuba

Manager of Commercial and Industrial Programs

Nicholas.Zuba@ctgreenbank.com

(860) 258-7825



- All standard C-PACE contracts, including:
 - Municipality agreement
 - Lender consent request form
 - Disclosure of Risk Form... have been updated can be found in the Appendices section.
- All standard contracts related *to the Green Bank's financing* (e.g. Finance Agreement, Term Sheet, etc.) have been removed from the guidelines.
- C-PACE financing terms and conditions vary with Capital Provider. Financial terms and conditions *related to the Green Bank's financing* (e.g. LTV, LiTV, DSCR, profitability, etc) have been removed from the guidelines.

Technical Standards



- All C-PACE projects, *irrespective of Capital Provider funding the project*, must meet the Technical Standards of the C-PACE Program Guidelines.
- Categorization of C-PACE projects as ‘Fast Track’ or ‘Full Assessment’ have been removed.
- Financing terms may extend up to 25 years
- Eligible measures have been clarified to include a benefitted property owner’s share of ancillary construction costs to extend the energy infrastructure as necessary to enable the clean energy or distributed energy improvement (e.g. a roof to support solar panels or the pipeline infrastructure as necessary to enable a natural gas conversion).
- The Utility and Fuel Data Information Release Form has been revised.
- The protocols for measuring the “Savings-to-Investment” ratio have been clarified

Technical Standards, SIR



SIR means the ratio of:

- (x) avoided energy costs plus project revenues, including all ancillary value streams such as environmental incentives and tax benefits, earned over the effective useful life (EUL) of the energy conservation measures (ECMs) to;
- (y) projected debt service due in respect of the C-PACE financing – including all principal, interest, and any fees over the term of the financing – as well as fixed or variable costs associated with the maintenance or performance of the ECMs over their EUL.

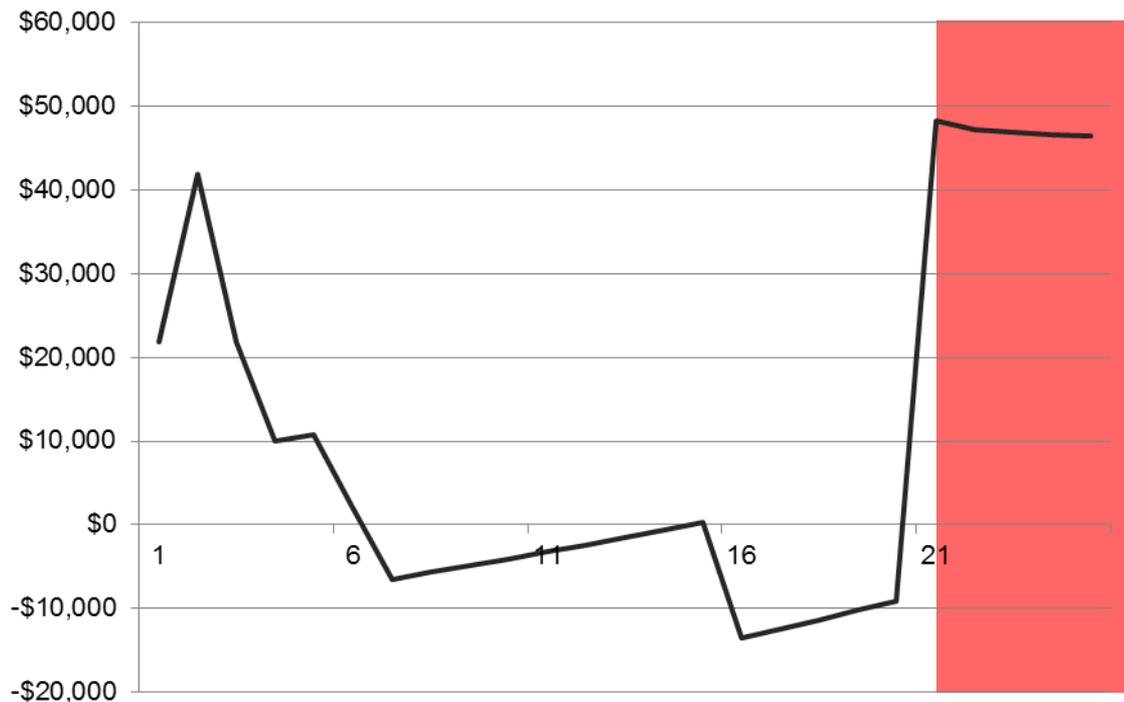
Technical Standards, SIR



Further:

- EUL for each ECM is determined through the energy audit and approved by the Technical Administrator and/or Reviewer. Both costs and savings for each ECM will be calculated over the EUL of that ECM.
- The C-PACE financing term may not exceed the EUL of the installed ECMs. For projects with multiple ECMs, a weighted average EUL will be calculated.
- Regardless of a project's weighted average EUL, C-PACE financing terms may not exceed 25 years unless approved in writing by the Green Bank.
- A complete technical review of the proposed C-PACE project will be undertaken by the Green Bank's Technical Administrator, or a Reviewer approved by the Green Bank in its sole discretion, to confirm the accuracy of the estimated projected savings and the computation of this ratio.

Example A

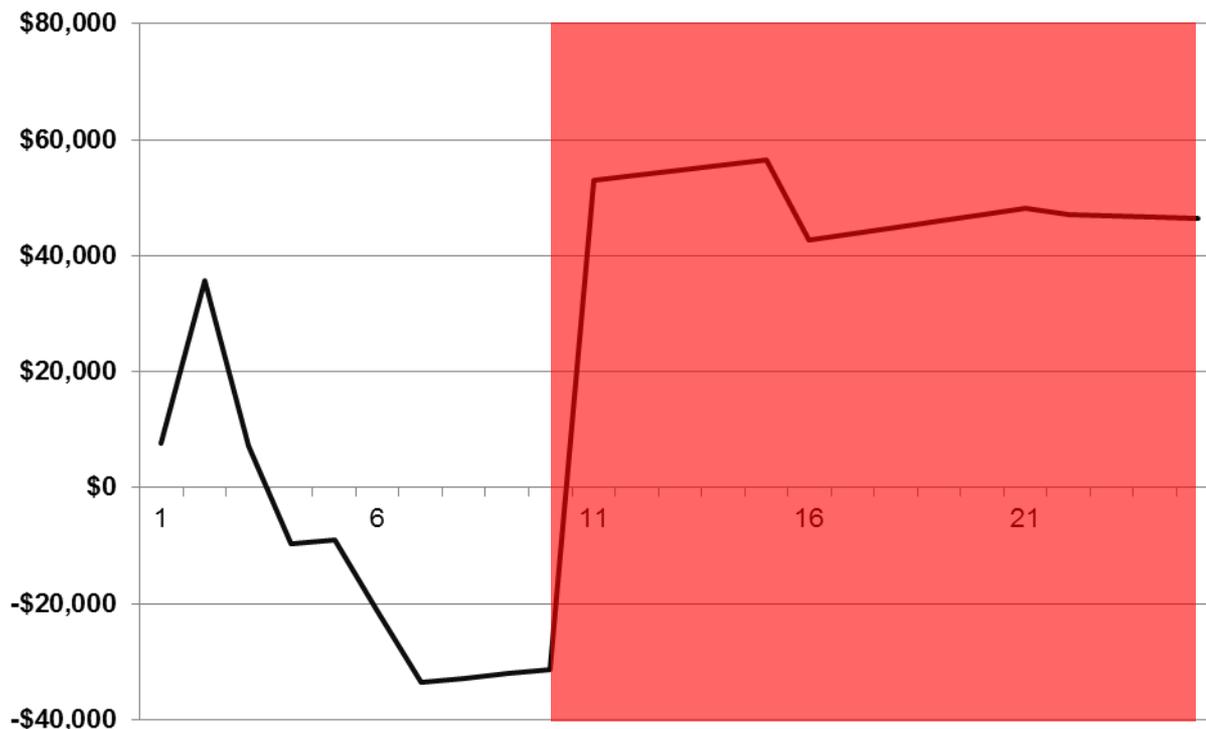


- 200 kW system
- \$3.25/W installed cost
- \$.13/kwh retail rate
- MACRS
- \$70 ZREC
- 6% interest
- 20 year term

SIR over term = 1.01

SIR over EUL = 1.17

Example B



- 200 kW system
- \$3.25/W installed cost
- \$.13/kwh retail rate
- MACRS
- \$70 ZREC
- 5% interest
- 10 year term

SIR over term = .88

SIR over EUL = 1.37

C-PACE Program Updates, part II



- Next Webinar: C-PACE Program Updates (Part II)
 - **Wednesday, February 10th, 2016 at 10:00 AM EST**
 - Learn more about the new partnership between the Connecticut Green Bank and Hannon Armstrong to provide access to up to \$100 million in funding for C-PACE projects, and how this will benefit C-PACE contractors

Thank you!

Nicholas Zuba

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Connecticut Green Bank

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