



Better Buildings

U.S. DEPARTMENT OF ENERGY

Getting to Scale: Energy Investment Partnerships & Early Secondary Market Transactions

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Bruce Schlein, Citi

Ben Healey, Clean Energy Finance & Investment Authority

Elizabeth Bellis, Energy Programs Consortium

Moderator: Molly Lunn, U.S. DOE

Derek Smith

- Chief Executive Officer, Clean Energy Works Oregon
- CEWO partnered with Craft3 and others to offer on-bill financing to OR residents
- Loan portfolio sale to Self Help





Empowering you to make
smart energy choices

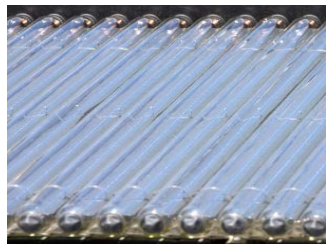
Clean Energy Finance and Investment Authority

The First Securitization of Commercial
PACE Assets

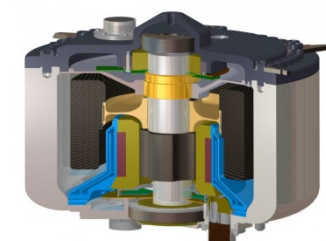
Better Buildings Summit
May 8, 2013

Connecticut Green Bank

Clean Energy Defined by Public Act 11-80

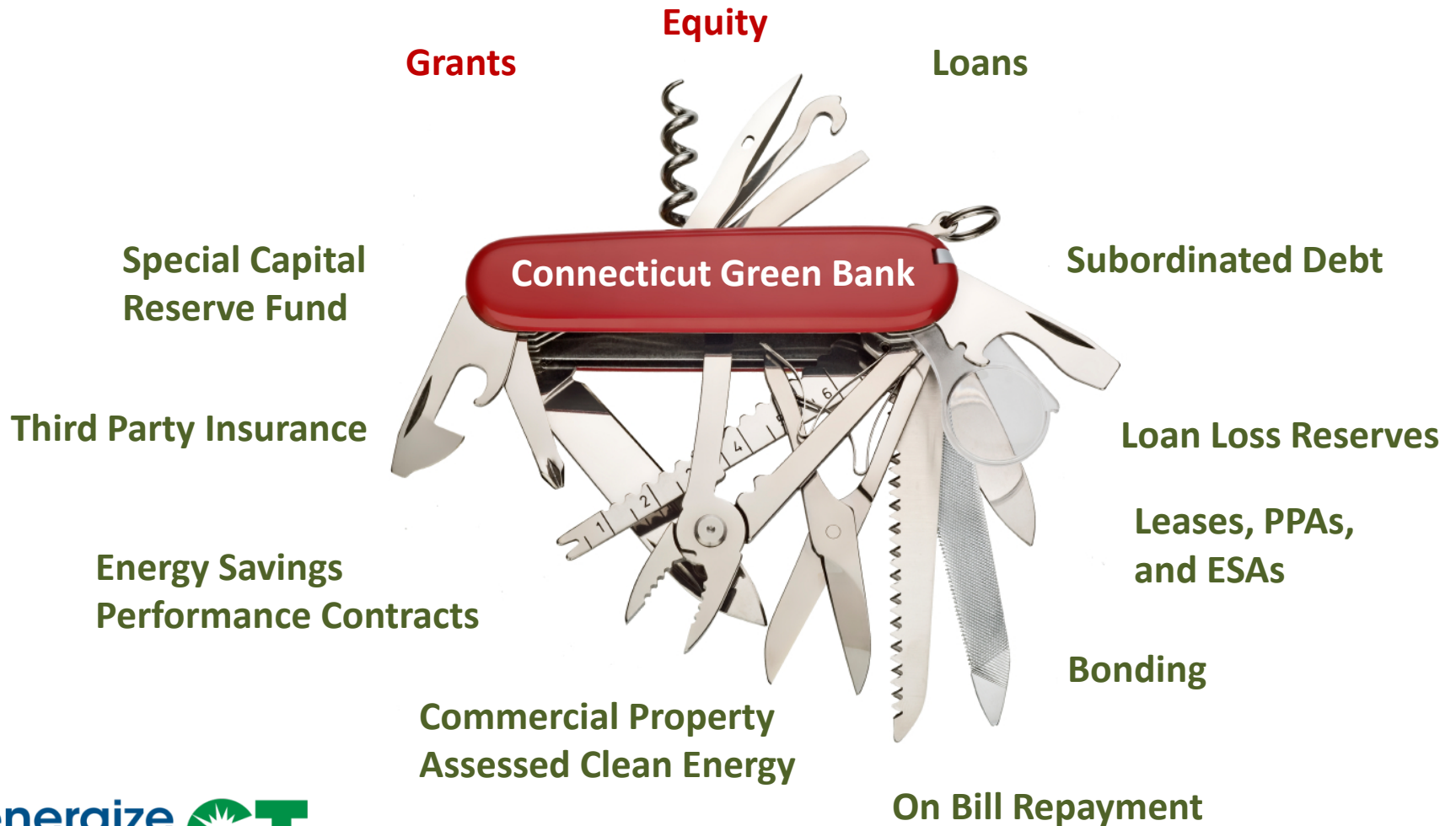


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Connecticut Green Bank

Clean Energy Defined by Public Act 11-80



Commercial Property Assessed Clean Energy (C-PACE)

- An innovative financing structure that enables commercial, industrial, and multi-family property owners to access financing for qualified energy upgrades and repay through a benefit assessment on their property tax



C-PACE Advantages for Owners

Near term plan to sell?

Lack of funding?

Cannot assume more debt?

Insufficient payback/ROI?

Split incentives?

Uncertain savings/technical expertise?

Tax obligation fixed to property

100% upfront, 20 year financing

Assessments may qualify as OPEX

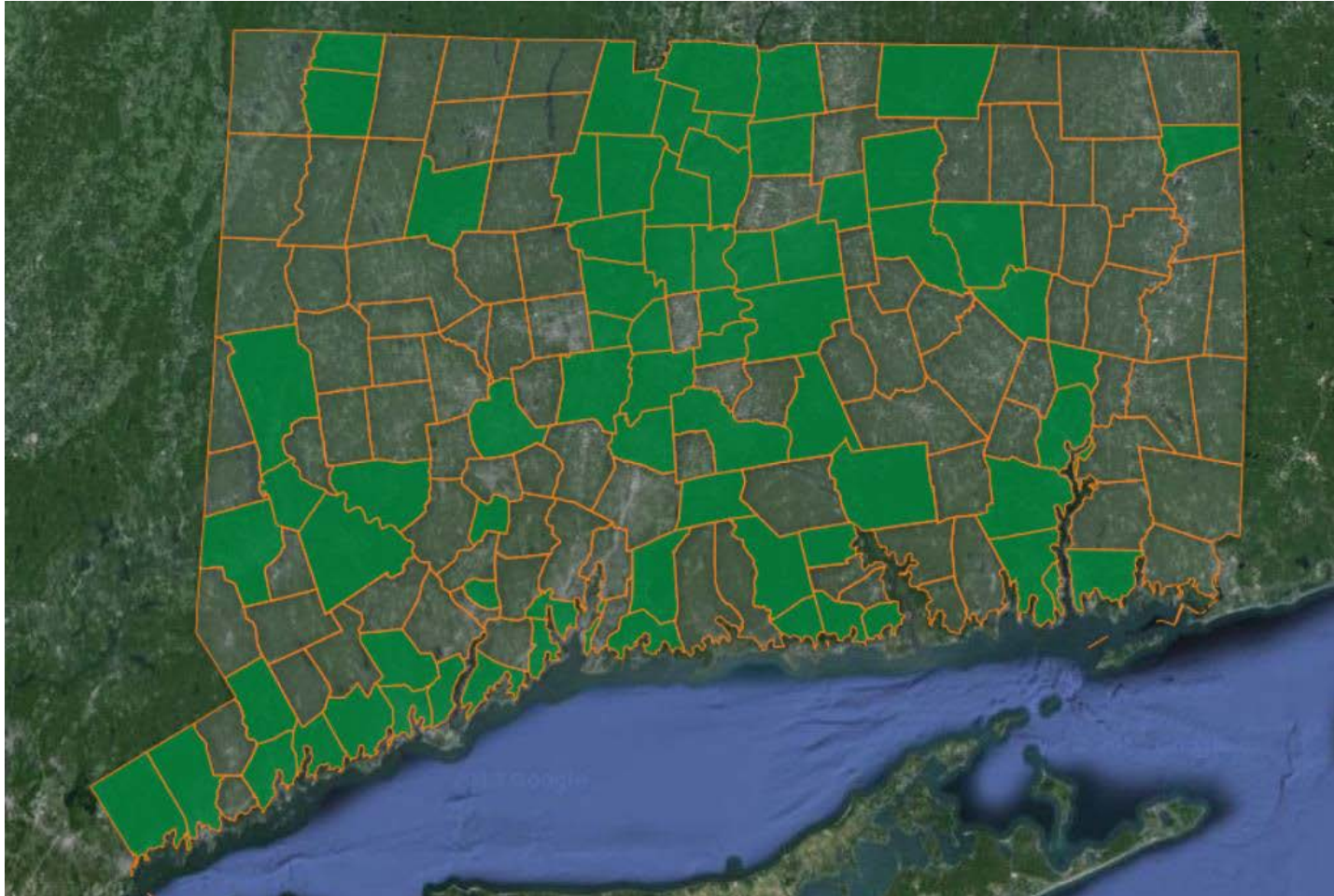
Positive cash flow in year 1

Assessment/savings pass to tenants

Technical underwriting / SIR>1

Current C-PACE Municipalities

80 Signed Up Since Jan 2013



C-PACE Website

Owner / Contractor / Municipal Portal



An
Energize CT
Program

www.c-pace.com

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ABOUT C-PACE

RESOURCES

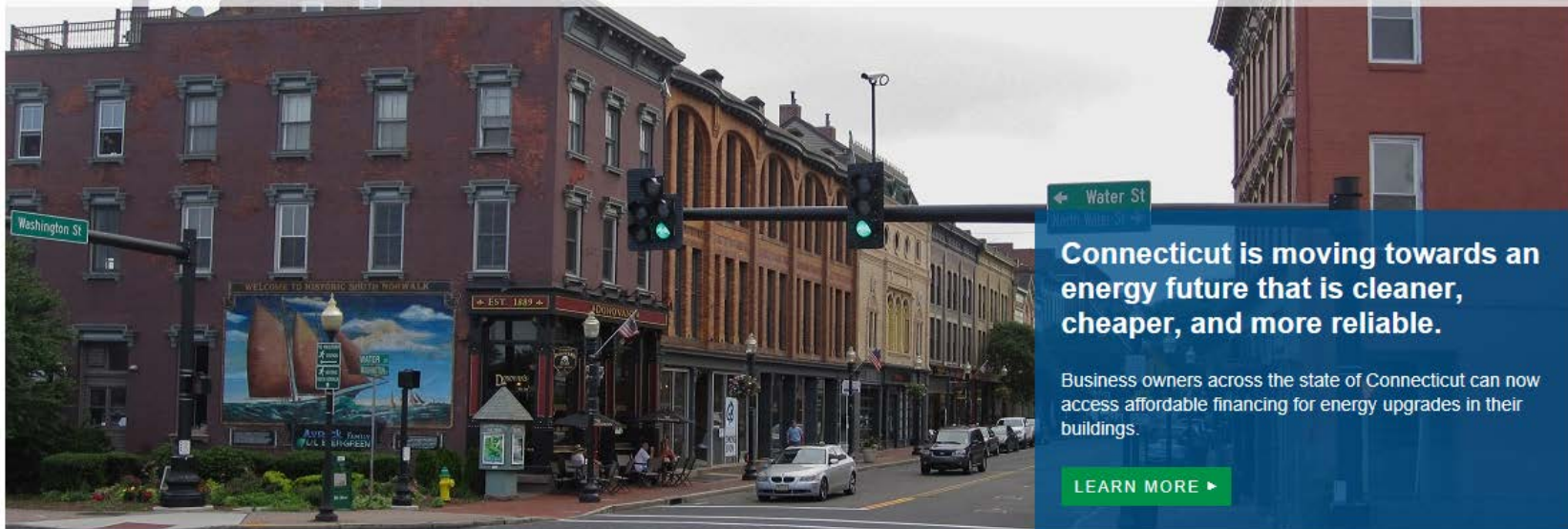
APPLICATION

CONTRACTORS

EXPLORE MAP

PROJECTS

PRESS



Whether you are a building owner, a municipality, a contractor, project developer, or an investor, you can get started on C-PACE now. It's easy.



C-PACE Transactions

Closed to Date

	<i>Municipality</i>	<i>Project Type</i>	<i>Lifetime est. savings</i>	<i>Installed Capacity</i>	<i>Amount Financed</i>	<i>EE Utility Incentives</i>	<i>Financing Terms</i>
41 Walnut Street	Hartford	Renewable	\$ 418,690.00	55 kW	\$145,000	\$0	5.5% for 20 years
542 Westport Ave	Norwalk	Both	\$ 794,944.00	100 kW	\$559,952	\$54,584	4.5 for 15 years
1841 Broad Street	Hartford	Renewable	\$ 922,165.00	100 kW	\$325,000	\$0	5.5% for 20 years
100 Roscommon	Middletown	Both	\$ 5,758,229.00	260 kW	\$2,513,914	\$387,885	5.5% for 20 years
86 Hopmeadow	Simsbury	Energy Efficiency	\$ 1,373,297.00	--	\$674,566	\$165,850	5.5% for 18 years
855 Main Street	Bridgeport	Energy Efficiency	\$ 6,047,504.00	--	\$1,992,683	\$469,317	5.5% for 20 years
True Value Hardware	Killingworth	Renewable	\$ 298,660.00	71 kW	\$259,000	\$0	5.5% for 20 years
80 Lamberton	Windsor	Energy Efficiency	\$ 3,006,120.00		\$1,818,486	\$464,835	5.5% for 20 years
ID Products	Bridgeport	Energy Efficiency	\$ 290,959.00	--	\$107,566	\$43,311	5.5% for 15 years
Bushnell Theatre	Hartford	Energy Efficiency	\$ 1,181,420.00	--	\$384,000	\$16,000	5% for 20 years
Larsen Ace Hardware	Canton	Renewable	\$ 105,274.00	45 kW	\$148,500	\$0	5.5% for 20 years
Danbury YMCA	Danbury	Energy Efficiency	\$ 184,681.00	--	\$87,938	\$12,800	5.5% for 20 years
Insports Trumbull	Trumbull	Both	\$ 1,833,569.00	252 kW	\$1,001,298	\$0	5.5% for 20 years
NPB Assets Norwich	Norwich	Renewable	\$ 783,840.00	150 kW	\$350,000	\$0	5.5% for 20 years
290 Pratt	Meriden	Energy Efficiency	\$ 3,556,748.00	--	\$1,790,847	\$56,000	5.5% for 20 years
22 Waterville Road Avon	Avon	Energy Efficiency	\$ 666,291.00	--	\$419,346	\$167,124	5.5% for 14 years
Sofia East Windsor	East Windsor	Renewable	\$ 1,531,830.00	250 kW	\$750,000	\$0	5.5% for 20 years
Sofia East Windsor	East Windsor	Renewable	\$ 1,531,830.00	250 kW	\$750,000	\$0	5.5% for 20 years
Bourdon Forge	Middletown	Renewable	\$ 2,499,838.00	500 kW	\$1,500,000	\$0	5.5% for 15 years
Air Temp Mechanical	Southington	Renewable	\$ 304,780.00	45 kW	\$135,000	\$0	6% for 20 years
Shagbark	East Haddam	Renewable	\$ 1,215,205.00	157 kW	\$478,000	\$0	5% for 10 years
Northeast Tool	Stratford	Renewable	\$ 215,420.00	30 kW	\$122,471	\$0	6% for 20 years
Calvary Temple	Bridgeport	Energy Efficiency	\$ 136,780.00	--	\$51,116	\$3,192	5% for 10 years
CLOSED TOTAL - 23			\$ 34,658,074.00	2,265 kW	\$16,364,683	\$1,837,706	

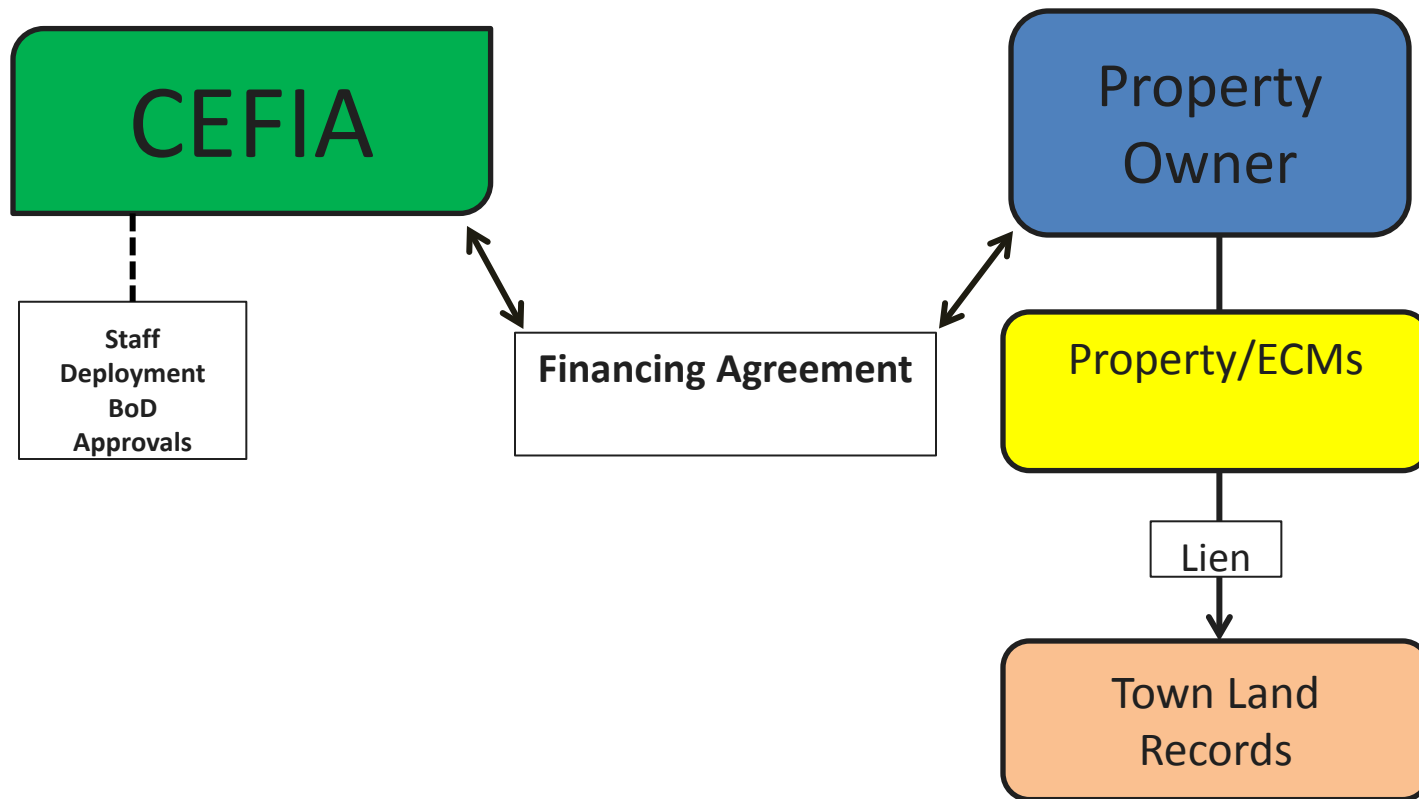
C-PACE Transactions

Approved (not yet Closed)

	<i>Municipality</i>	<i>Project Type</i>	<i>Lifetime est. savings</i>	<i>Installed Capacity</i>	<i>Amount Financed</i>	<i>EE Utility Incentives</i>	<i>Financing Terms</i>
Meriden YMCA	Meridan	Both	\$ 688,991.00	--	\$372,466		5.5% for 20 years
Quality Inn	Vernon	Renewable	\$1,415,896	200 kW	\$850,000		5.5% for 20 years
255 Bank Street	Waterbury	Energy Efficiency	\$ 879,750.00	--	\$524,941		5.7% for 17 years
1095 Dayhill Road	Windsor	Both	\$ 1,522,753.00	206 kW	\$829,399		6% for 20 years
Eli Properties (50 Industry Dr)	West Haven	Renewable	\$ 22,710.00	75 kW	\$254,920		6% for 20 years
Brookfield YMCA	Brookfield	Both	\$ 111,104.00	--	\$1,000,000		5.03% for 15 years
Polamer Precision	New Britain	Renewable	\$ 253,920.00		\$2,500,000		6% for 20 years
Amgraph Packaging	Sprague	Both	\$ 1,047,124.00		\$6,000,000		5% for 10 years
			\$ 4,526,352.00	2,776 kW	\$12,331,726		
CLOSED AND APPROVED TOTAL - 29			\$ 39,184,426.00	5,041 kW	\$28,696,409		

C-PACE Sell-Down

First ... Close the Transaction



C-PACE Sell-Down

Then ... Fully Disburse and Finalize Liens

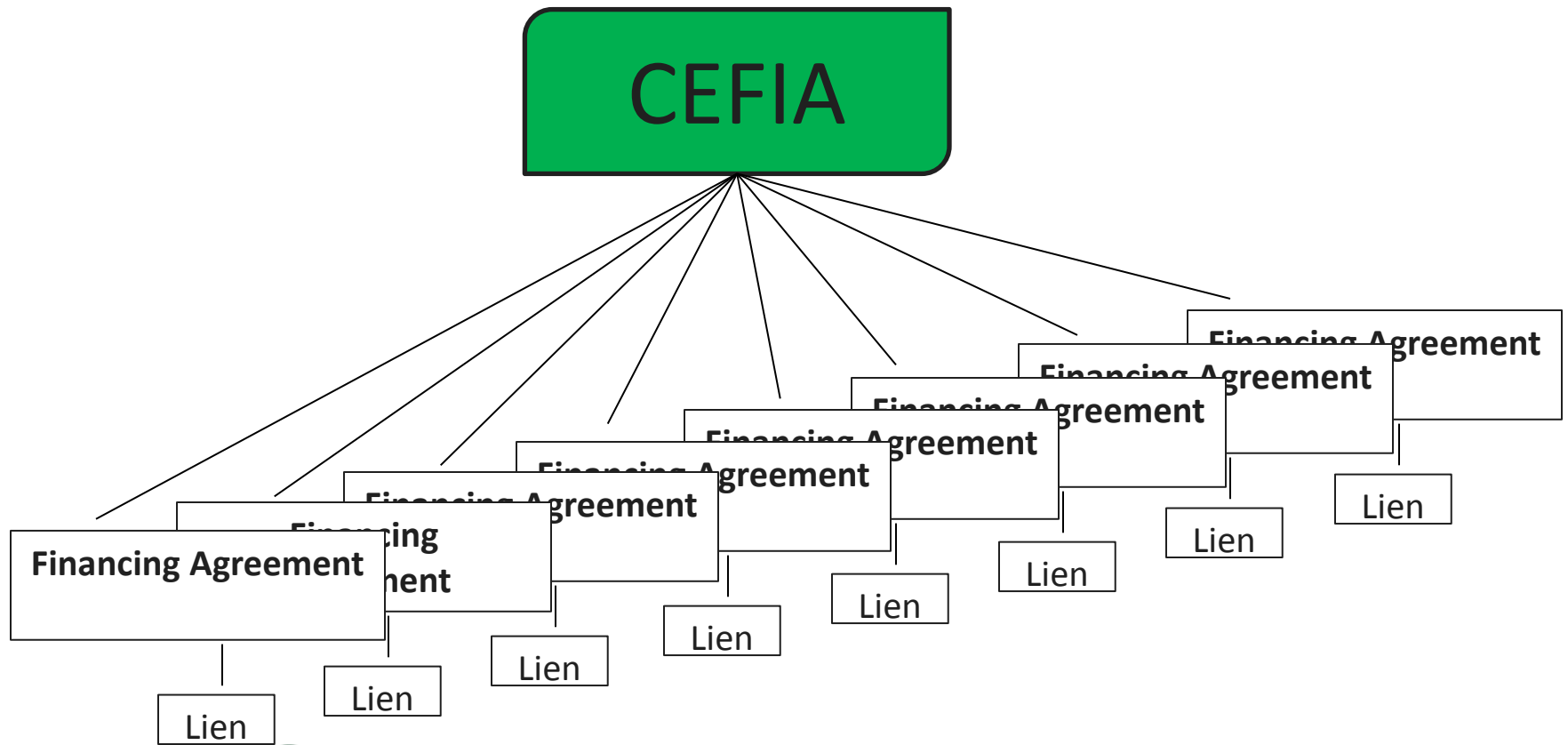
CEFIA

Financing Agreement

Lien

C-PACE Sell-Down

Next ... Aggregate Portfolio Using Warehouse



Sell Down Process Offering Notice

865 Brook Street
Rocky Hill, Connecticut 06067-3444
T: 860.563.0015
F: 860.563.4877
www.ctcleanenergy.com



C-PACE Offering Notice

- Sale:** Up to \$8,903,830 (face value) C-PACE Benefit Assessment Participation Interests
- Number of Transactions:** Up to 11 transactions, ranging in amount
- Collateral:** Benefit assessment liens against the benefit efficiency or renewable energy improvement projects
- Location:** State of Connecticut
- Status:** In various stages of advance
- Closing Date:** October 21, 2013



T: 860.563.0015
F: 860.563.4877
www.ctcleanenergy.com

Indicative Bid Instructions

Section 1 Applicability. Unless otherwise specified in the C-PACE Offering Notice Dated 28 July 2013 (the "Notice"), the provisions of these CEFA C-PACE Benefit Assessment Participation Interests Indicative Bid Instructions, from the time of their issuance until the time of the Sale, will govern the submission and evaluation of bids for the Sale.

Section 2 Definitions.

For purposes of the Procedures, the terms defined herein shall have the meanings assigned herein or in the Offer Notice.

"Benefit Assessment" has the meaning assigned in the Offer Notice.

"Benefit Assessment Sale" has the meaning assigned in the Offer Notice.

"Bid" means an offer to purchase a Benefit Assessment Sale at a specified Price submitted in accordance with the Instructions.

"Business Day" means any day other than a Saturday, Sunday or public holiday of CEFA or banks in the states of Connecticut and New York.

"Capital Provider" means a company or individual that has been identified as an Assessed Clean Energy ("C-PACE") Project.

"Effective Yield" means the yield on a Benefit Assessment Sale expressed as a percentage.

"Eligible Capital Provider" means a company or individual that is eligible to participate in a Benefit Assessment Sale.

"Final Bidder" has the meaning assigned in the Offer Notice.

Revised Benefit Assessment Sale Schedule

Benefit Assessment Sale Timeline (revised 8.19.2013)	
Event	Date
Offering Notice Distributed	Wednesday, July 31, 2013
Initial Data Distribution (including comprehensive bidding instructions)	Monday August 19, 2013
Complete deal information uploaded into Data Room	Wednesday September 4, 2013
Indicative Bid Date	Wednesday September 18, 2013
Final Bidder(s) Invitation	Friday September 27, 2013
Final Bid Date	Friday October 11, 2013
Winning Bidder Selected	Wednesday October 23, 2013
10% Non-Refundable Deposit Due	Monday October 28, 2013
Closing Date	Friday November 1, 2013

Summary

CEFA has entered into, or soon will enter into financing documents, to a certain extent, promissory notes and other financing documents (the "Financing Documents") pursuant to which CEFA will advance (and, to a certain extent, advance) to borrowers for the purpose of renovating or retrofitting properties with energy efficiency or renewable energy improvements. CEFA has filed or will file benefit assessments against such properties (the "Benefit Assessments").

Where applicable, the borrowers have obtained consent from CEFA for the Benefit Assessments (the "Consenting Party" or "Consent").

Structure

CEFA desires to sell, without recourse (the "Benefit Assessment Sale") in such Financing Documents, and interests in and to (i) all payments and proceeds from the Benefit Assessments, (ii) certain rights of CEFA existing under the Financing Documents and (iii) CEFA's position under the Financing Documents, on terms and conditions to be agreed (defined below). The Participation Interests are being sold to qualified bidders from CEFA is soliciting indicative bids from qualified C-PACE



Sell Down Process Bidders' Diligence

As an investor in Benefit Assessments and their associated Benefit Assessment Liens, you should consider carefully the risks associated with these investments. These risks include, but are not limited to, the following:

The investments will not be listed on any securities exchange. Therefore, in order to sell your investments, you will need to find a willing buyer. CEPIA may assist in the resale of investments, but it is not required to do so. You may be unable to obtain the price that you wish to receive for your investments or you may suffer a loss on your investment. Illiquidity can have a severely adverse effect on the prices of investments that are anticipated to result from a stream of payments over many years and which are subject to default and foreclosure risk.

The Benefit Assessments you may invest in are subject to delinquency, foreclosure and loss, any or all of which could result in losses to you. In some cases, the ability of a borrower to repay the Benefit Assessment can be dependent upon the successful operation of the underlying project. If the cash flow of the project is reduced, the borrower's ability to repay the Benefit Assessment may be impaired. In providing the financing associated with these Benefit Assessments, we have made certain estimates regarding project cash flows or savings during our underwriting of such financings. These estimates may not prove accurate, as actual results may vary from estimates. The cash flows or cost savings of a project can be affected by, among other things: the terms of the renewable energy certificate contract used in such project; the creditworthiness of the property owner; the technology deployed; unanticipated expenses in the operation of the project and changes in national, regional or local economic conditions; and environmental legislation, acts of God, terrorism, social unrest and civil disturbances. Foreclosure proceedings against a project can be an expensive and lengthy process which could have a substantial negative effect on your anticipated return on the foreclosed Benefit Assessment.

The projects financed by the Benefit Assessments typically rely on third parties to select and manage various equipment and service providers. These third parties may be responsible for choosing vendors, including equipment suppliers and subcontractors. Project success often depends on third parties who are capable of installing and managing projects and structuring contracts that provide appropriate protection against construction and operational risks. In many cases, in addition to contractual protections and remedies, project/property owners may seek guaranties, warranties and construction bonding to provide additional protection.

The warranties provided by the third parties and, in some cases, their subcontractors, typically limit any direct harm that results from relying on their products and services. However, there can be no assurance that a supplier or subcontractor will be willing or able to fulfill its contractual obligations and make necessary repairs or replace equipment. In addition, these warranties generally expire substantially before the final repayment of the Benefit Assessment or may be of limited scope or provide limited remedies. If projects are unable to avail themselves of warranty protection or receive the expected protection under the terms of the guaranties or bonding, project/property owners may need to incur additional costs, including replacement and installation costs, which could adversely impact the economics associated with the projects related to the Benefit Assessments and the ability of the

CONNECTICUT



CLEAN ENERGY
FINANCE AND INVESTMENT AUTHORITY



Outlined below are login instructions for C-PACE Capital Providers to access the C-PACE portfolio project-level financial and technical underwriting data via CEPIA's Data Management Platform (CDMP)-powered by Sustainable Real Estate Solutions, Inc. (SRS).

Step 1: Go to SRS's web site: <http://www.srmnetwork.com/>, click on Client Login link, upper right corner.



Step 2: Enter your Username & Password to access the CDMP.

User Name:
Password:
[Forgot Password?](#)

Step 3: Upon login you will be directed to the CDMP Portfolio Dashboard. Five C-PACE projects will display in the lower left corner. To access property-level underwriting data, click on each property name. Note the aggregate data displayed on the Portfolio Dashboard is not highly-relevant to Capital Provider's

Sell Down Process

Indicative and Final Bids

Attachment A

C-PACE Benefit Assessment Participation Interests Indicative Bid Sheet

Required Elements:

Eligible Capital Provider Name	
Bidding for Own Account <input type="checkbox"/>	Bidding on Behalf of Another Investor <input type="checkbox"/>
Transaction Name	
Price (relative to Par)	
Purchase Amount (≥ 10% of the relevant Benefit Assessment, increasing in 5% increments)	
Term and Amortization Schedule (unless identical to the Benefit Assessment – if so, so state)	

Optional Elements:

CEFIA Credit Enhancement	
Prepayment Penalty	
Closing Fees and/or Other Fees	
Additional Terms and Conditions of Bid	

Authorized Representative of Bidder (Printed Name) _____

Signature of Authorized Representative of Bidder _____

(An electronic signature will be accepted with the same authority as the original)

Date of Bid _____

C-PACE

Status of Sell-Down

- Closing with Clean Fund occurred on May 6, 2014
- 11 fully disbursed C-PACE transactions included in first tranche, totaling just under \$8M in principal
- Clean Fund purchase price, for right to senior 80% of cash flows = ~\$6M
- Overall deal includes first **\$30M of C-PACE projects**, with Clean Fund purchasing ~ **\$24M via Public Finance Authority bonds**
- CEFIA holding onto subordinated 20% of ongoing cash flows

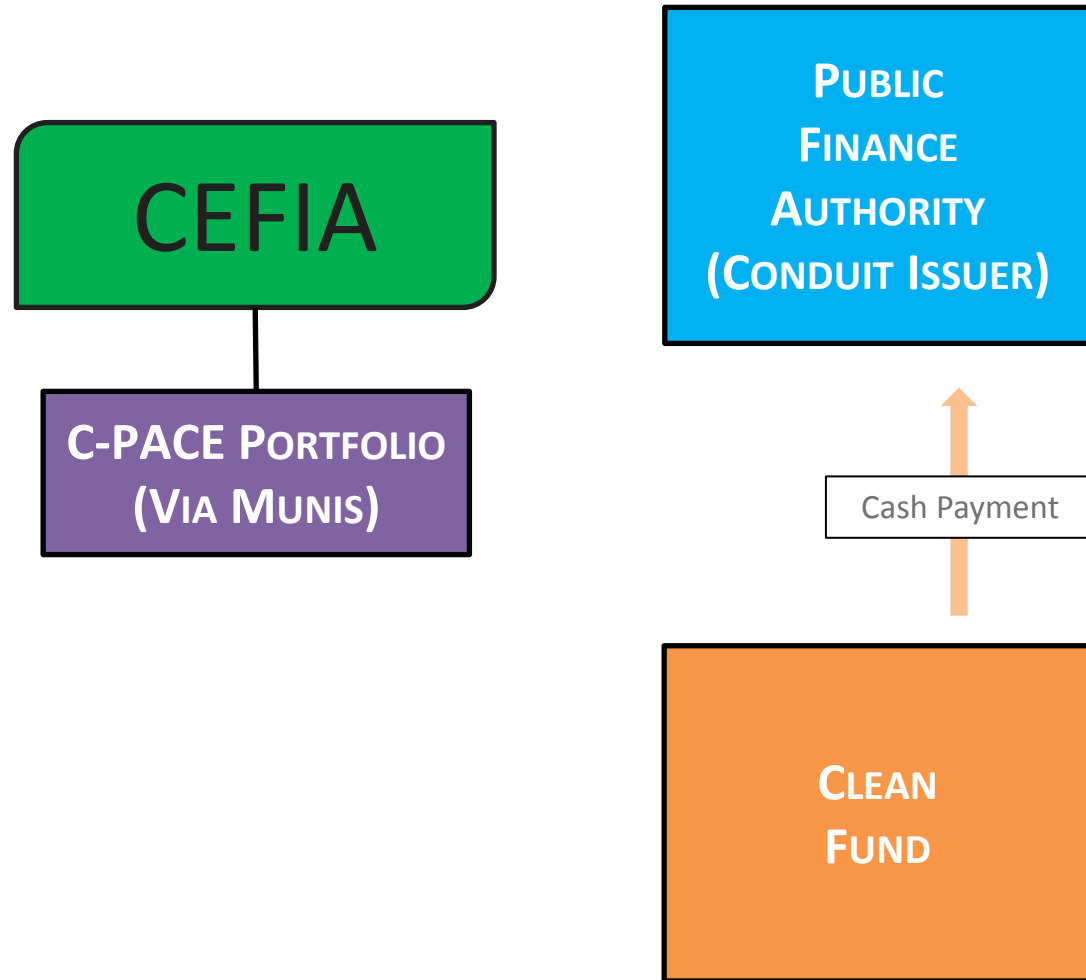
C-PACE

Sell-Down Properties (First Tranche)

<i>Property</i>	<i>Town</i>	<i>Project Type</i>	<i>Amount Financed (with capitalized interest)</i>
41 Walnut Street	Hartford	Renewable	\$145,000
542 Westport Avenue	Norwalk	Energy Efficiency	\$559,950
1841 Broad Street	Hartford	Renewable	\$325,000
100 Roscommon	Middletown	Both	\$2,549,654
86 Hopmeadow	Simsbury	Energy Efficiency	\$685,316
ID Products	Bridgeport	Energy Efficiency	\$107,556
True Value	Killingworth	Renewable	\$261,567
80 Lamberton	Windsor	Both	\$1,837,593
YMCA	Danbury	Energy Efficiency	\$87,938
22 Waterville Road	Avon	Energy Efficiency	\$424,180
InSports	Trumbull	Both	\$1,012,004
			\$7,995,760

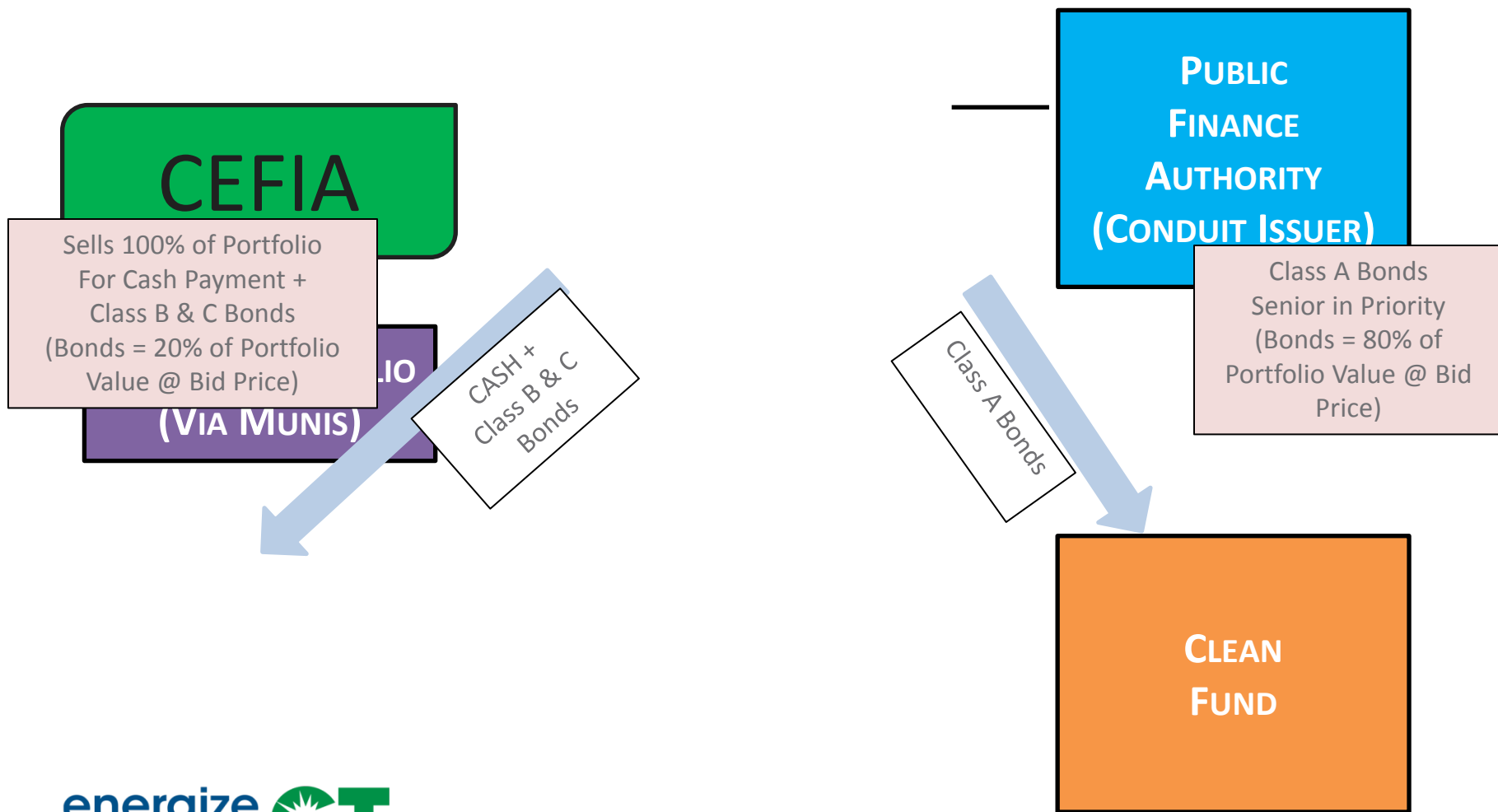
C-PACE Sell-Down

Clean Fund Purchased Portfolio via Conduit Issuer



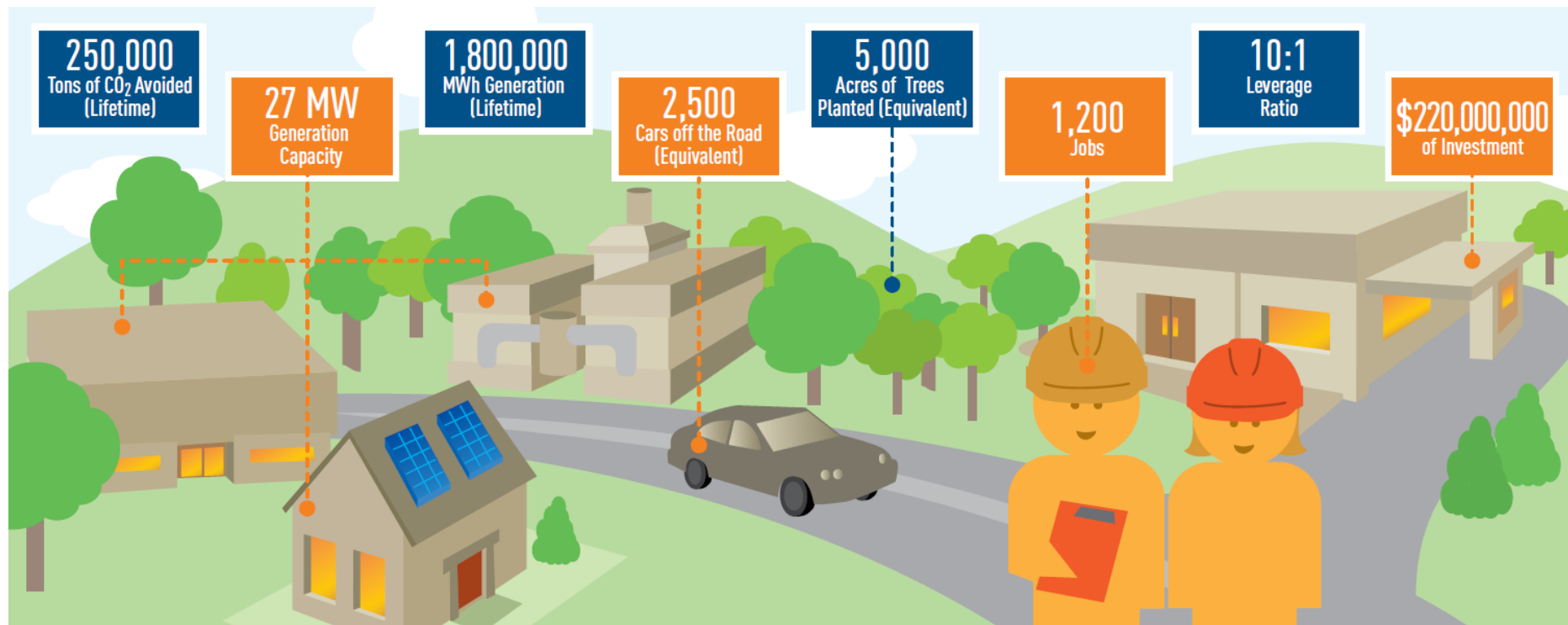
C-PACE Sell-Down

Conduit pays for purchase with Cash + Bonds



The Green Bank Model Works

Doing More, Faster and Under Budget





Empowering you to make
smart energy choices

Thank You!

Ben Healey

Senior Manager

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May 2014

Better Buildings Summit | 2014

Getting to Scale: Energy Investment Partnership and Early Sales to the Secondary Market

Presented By:

Bruce Schlein

Director, Corporate Sustainability

Energy Efficiency Financing Solutions

PRODUCT / SOLUTION	PROPERTY TYPE / SECTOR			
	MUSH	Single Family	Commercial	Corporate/ Industrial
Large Single Project				
Pooled Asset Deal				
ESCO/ESA/Two Factor Credit				
PACE				
On-Bill (OBR)				
Sustainable Energy Utility				
Microfinance				

Energy Efficiency Financing Solutions

PROPERTY TYPE / SECTOR

<i>PRODUCT / SOLUTION</i>	MUSH	Federal/ DOD	Single Family	Multifamily	Commercial	Corporate/ Industrial
Large Single Project						
Pooled Asset Deal						
ESCO/ESA/Two Factor Credit						
PACE						
On-Bill (OBR)						
Sustainable Energy Utility						
Microfinance						

Energy Efficiency Financing Solutions

PROPERTY TYPE / SECTOR

<i>PRODUCT / SOLUTION</i>	MUSH	Federal/ DOD	Single Family	Multifamily	Commercial	Corporate/ Industrial
Large Single Project	Yes	Yes	N/A	Yes	Yes	Yes
Pooled Asset Deal	Yes <u>Green Campus</u>	Yes	Yes <u>Kilowatt; WHEEL</u>	Difficult <u>HPET</u>	Difficult Hybrids	Yes
ESCO/ESA/Two Factor Credit	Yes	Yes	N/A	Difficult NYCEEC	Difficult NYCEEC	Yes <u>Citi London</u>
PACE	Yes C-PACE	N/A	Yes—On hold <u>CAHERO</u>	Yes	Yes	Yes
On-Bill (OBR)	Yes	N/A	Yes <u>NYSERDA</u>	Yes	Yes	Yes
Stranded Cost Tariff	Yes	N/A	Yes	Yes	Yes	Yes
Sustainable Energy Utility	Yes <u>Delaware</u>	N/A	N/A	N/A	N/A	N/A
Microfinance	N/A	N/A	Yes <u>Mongolia</u>	N/A	Yes	N/A

WHEEL

Warehouse for Energy Efficiency Loans

Transforming Energy Efficiency Financing

Better Buildings Summit

Introduction to WHEEL

- Inspired by Pennsylvania's experience with Keystone HELP
- A collaboration among EPC, Pennsylvania Treasury Department, Renewable Funding and Citigroup Global Markets
 - Supported by the National Association of State Energy Officials (NASEO)

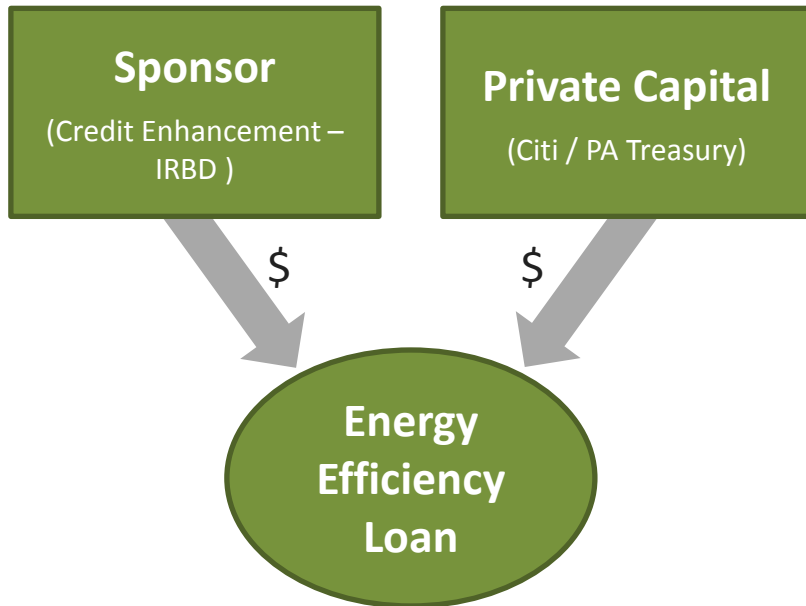
What WHEEL Does

- WHEEL provides low-cost, large-scale private capital to state and local government and utility-sponsored residential energy efficiency loan programs
 - WHEEL facilitates this by purchasing & aggregating loans to support the issuance of investment grade-rated securities
 - A robust secondary market supports more attractive financing with less dependence on public subsidy
 - Opportunity for “zero net subsidy” financing as sponsor revenue can exceed initial contribution
 - Ability to support loans to a wide range of creditworthy borrowers, not just those with high incomes and excellent credit
 - Rate to borrower given current market conditions: <10%
 - Sponsors may choose to provide additional credit enhancement funds to further reduce rate to consumers

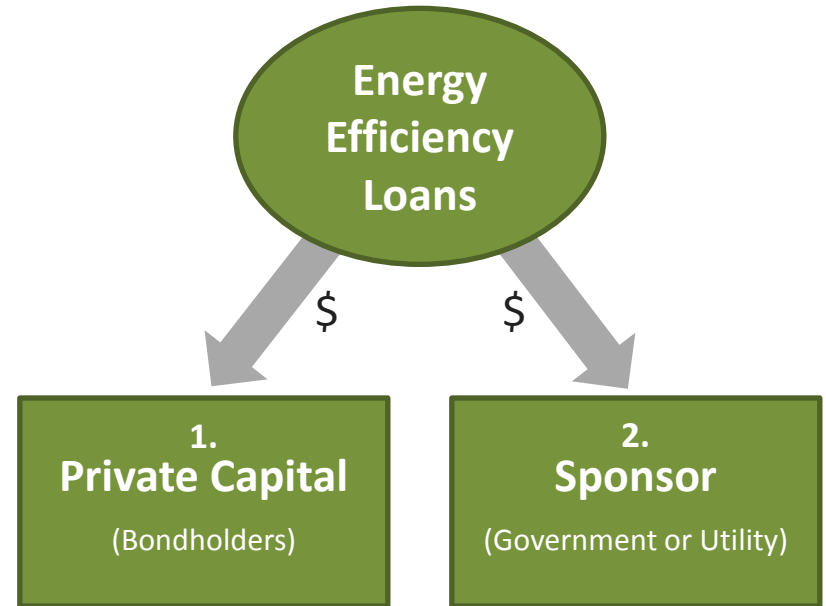
The WHEEL Basics

The sponsor provides credit enhancement to allow for low-cost private capital to fund energy efficiency loans. As loans repay, the private investors are repaid first, with all remaining loan repayments provided back to the sponsor.

Individual Loans are Funded



Aggregated Loans Repay Over Time



WHEEL in Action

- Began purchasing loans originated in sponsor jurisdictions in April 2014
- Currently operating in Pennsylvania and Kentucky
- WHEEL has already acquired over \$13 million in loans
 - Average loan balance: \$8,500
- Accepting additional sponsors now and on a rolling basis

Contact

- For more information, please contact me at:

Elizabeth Bellis, Counsel

ebellis@energyprograms.org

(718) 596-5700

Questions?