

COMMERCIAL PROPERTY ASSESSED
CLEAN ENERGY ("C-PACE") AGREEMENT

THIS AGREEMENT is made and entered into as of the ____ day of _____, 2012, by and between the City of _____, **CONNECTICUT**, a municipal corporation organized and existing under the laws of the State of Connecticut (the "Municipality"), and the **CLEAN ENERGY FINANCE AND INVESTMENT AUTHORITY**, a public instrumentality and political subdivision of the State of Connecticut established under Public Act No. 11-80 (and codified in Section 16-245n of the Connecticut General Statutes) (the "Authority").

RECITALS

WHEREAS, Commercial Property Assessed Clean Energy ("C-PACE") is a program to facilitate loan financing for clean energy improvements to commercial properties by utilizing a state or local assessment mechanism to provide security for repayment of the loans.

WHEREAS, Public Act No. 12-2 of the June 12, 2012 Special Session of the Connecticut General Assembly (the "Act") established a C-PACE program in Connecticut.

WHEREAS, Section 157 of the Act directed the Authority to establish a commercial sustainable energy program, and authorized the Authority to make appropriations for and issue bonds, notes or other obligations to finance the program costs. A commercial sustainable energy program is a program that facilitates energy improvements to commercial or industrial property and utilizes municipal benefit assessments authorized by the Act as security for financing the energy improvements.

WHEREAS, to secure financing for the program, the Authority and the municipality are authorized to enter into a written agreement, as approved by the municipality's legislative body, pursuant to which the municipality has agreed to assess, collect, remit and assign, benefit assessments to the Authority in return for energy improvements for benefited property owners within the municipality and for costs reasonably incurred by the municipality in performing such duties.

WHEREAS, this Agreement constitutes the written agreement authorized by the Act.

NOW THEREFORE, for and in consideration of the mutual covenants and agreements set forth herein and in order to effectuate the purposes of the Act, it is hereby agreed as follows:

Section 1 - Definitions.

(a) "Energy improvements" means any renovation or retrofitting of qualifying commercial real property to reduce energy consumption or installation of a renewable energy system to service qualifying commercial real property, provided such renovation, retrofit or installation is permanently fixed to such qualifying commercial real property.

(b) “Qualifying commercial real property” means any commercial or industrial property, regardless of ownership, that meets the qualifications established for the commercial sustainable energy program.

(c) “Commercial or industrial property” means any real property other than a residential dwelling containing less than five dwelling units.

(d) “Benefitted property owner” means an owner of qualifying commercial real property who desires to install energy improvements and provides free and willing consent to the benefit assessment against the qualifying commercial real property.

(e) “Commercial sustainable energy program” means a program that facilitates energy improvements and utilizes the benefit assessments authorized by this Agreement as security for the financing of the energy improvements.

(f) “Benefit assessment” means the assessment authorized by the Act.

Section 2 - Obligations of the Authority.

(a) **Program Requirements.** Pursuant to the Act, the Authority:

(1) shall develop program guidelines governing the terms and conditions under which state financing may be made available to the commercial sustainable energy program, including, in consultation with representatives from the banking industry, municipalities and property owners, developing the parameters for consent by existing mortgage holders and may serve as an aggregating entity for the purpose of securing state or private third-party financing for energy improvements pursuant to the Act,

(2) shall receive and review applications submitted by benefitted property owners within the Municipality for financing of energy improvements, and approve or disapprove such applications in accordance with underwriting procedures and requirements established by the Authority,

(3) shall prepare and deliver to the Municipality an annual report which shall contain information related to each qualifying commercial real property within the Municipality, including:

- i. A list of each qualifying commercial real property for which the benefitted property owner executed a financing agreement during the prior year;
- ii. A list of each qualifying commercial real property where all obligations under the financing agreement have been satisfied or paid in full during the prior year, including the satisfaction date and a copy of the notice of satisfaction;
- iii. the total benefit assessment payments made to the Authority in respect of all qualifying commercial real properties; and

- iv. for each non-satisfied (not paid in full) benefit assessment (including each benefit assessment approved in the prior year):
 - A. the date of the financing agreement,
 - B. the outstanding amount of the financing,
 - C. the total principal balance and accrued interest outstanding, and
 - D. the annual payment(s) due to the Authority (which shall include principal and accrued interest) associated with such benefit assessment (including the amount of accrued interest on the initial payment, if different).

(4) shall establish the position of commercial sustainable energy program liaison within the Authority,

(5) shall establish a loan loss reserve or other credit enhancement program for qualifying commercial real property,

(6) may use the services of one or more private, public or quasi-public third-party administrators to administer, provide support or obtain financing for the commercial sustainable energy program, and

(7) shall adopt standards to ensure that the energy cost savings of the energy improvements over the useful life of such improvements exceed the costs of such improvements.

(b) **Project Requirements.** If a benefitted property owner requests financing from the Authority for energy improvements under the Act, the Authority shall:

(1) require performance of an energy audit or renewable energy system feasibility analysis on the qualifying commercial real property that assesses the expected energy cost savings of the energy improvements over the useful life of such improvements before approving such financing,

(2) impose requirements and criteria to ensure that the proposed energy improvements are consistent with the purpose of the commercial sustainable energy program, and

(3) require that the property owner provide written notice, not less than thirty days prior to the recording of any lien securing a benefit assessment for energy improvements for such property, to any existing mortgage holder of such property, of the property owner's intent to finance such energy improvements pursuant to the Act.

(c) **Financing Agreement for Project.** The Authority may enter into a financing agreement with the property owner of qualifying commercial real property. The financing agreement shall clearly state the estimated benefit assessment that will be levied against the qualifying commercial real property upon completion of the energy improvements. The Authority shall disclose to the property owner the costs and risks associated with participating in

the commercial sustainable energy program, including risks related to the failure of the property owner to pay the benefit assessment provided for in the financing agreement. The Authority shall disclose to the property owner the effective interest rate on the benefit assessment, including fees charged by the Authority to administer the commercial sustainable energy program, and the risks associated with variable interest rate financing, if applicable. The Authority shall notify the property owner that such owner may rescind any financing agreement entered into not later than three business days after such financing agreement is executed by the property owner and delivered to the Authority. The financing agreement shall provide for the consent of existing mortgage holders for the benefit assessment lien to be continued, recorded and released by the Municipality, as required by the Act and described in Section 3(c) herein.

(d) Determination of Estimated and Final Benefit Assessments and Payments.

(1) In connection with the completion and execution of the financing agreement, the Authority shall determine the estimated benefit assessment and provide written notice of the estimated benefit assessment to the Municipality.

(2) Upon completion of the energy improvements to the qualifying commercial property, the Authority shall determine the final benefit assessment, including fees charged by the Authority to administer the commercial sustainable energy program, and shall set a fixed or variable rate of interest for the repayment of the benefit assessment amount. Such interest rate, as may be supplemented with state or federal funding as may become available, shall be sufficient to pay the financing and administrative costs of the commercial sustainable energy program, including delinquencies. The Authority shall provide written notice of the final benefit assessment and interest rate to the Municipality.

(3) It is anticipated that the Authority will decide that the benefit assessment shall be payable in two equal payments respectively payable on July 1 and January 1 of each year so that they are due at the same time as the installments of the Municipality's real property taxes. If the Municipality changes its practices concerning the billing of annual real property taxes as to the number of installments and their due dates, the Authority will change its practices to the extent possible to correspond with the Municipality's practices.

Section 3 - Obligations of the Municipality.

(a) **Placing of Caveat on Land Records.** Upon receiving written notice from the Authority of the estimated benefit assessment as provided in Section 2(d)(1) herein, the Municipality shall promptly place a caveat on the land records (on a form provided by the Authority after consultation with the municipality) indicating that a benefit assessment and lien is anticipated upon completion of energy improvements for the qualifying commercial real property. The Authority will reimburse the municipality the cost charged by the Town Clerk for recordation of the caveat.

(b) **Levy of Benefit Assessment.** Upon receiving written notice from the Authority of the final benefit assessment as provided in Section 2(d)(2) herein, the Municipality shall promptly levy the benefit assessment against the qualifying commercial real property especially

benefitted by the energy improvements financed by the Authority, and shall place a lien on the qualifying commercial real property to secure payment of the benefit assessment. As provided in the Act, the benefit assessments levied (on a form provided by the Authority after consultation with the municipality) pursuant to this Agreement and the interest, fees and any penalties thereon shall constitute a lien against the qualifying commercial real property on which they are made until they are paid. The Authority will reimburse the municipality the cost charged by the Town Clerk for recording the lien. Such lien shall be levied and collected in the same manner as the property taxes of the Municipality on real property, including, in the event of default or delinquency, with respect to any penalties, fees and remedies and lien priorities as provided by the Act.

(c) **Continuation, Recording and Release of Lien.** As provided in the Act, each benefit assessment lien shall be continued, recorded and released in the manner provided for property tax liens, subject to the consent of existing mortgage holders, and shall take precedence over all other liens or encumbrances except a lien for taxes of the Municipality on real property, which lien for taxes shall have priority over such benefit assessment lien. The Authority shall provide to the Municipality written notice of the consent of existing mortgage holders for the lien to be continued, recorded and released by the Municipality.

(d) **Assignment of Benefit Assessment Lien.**

(1) Upon the written request of the Authority, the Municipality shall assign to the Authority any and all liens filed by the Municipality's tax collector, as provided in this Agreement. The Authority may sell or assign, for consideration, any and all liens received from the Municipality. The assignee or assignees of such liens shall have and possess the same powers and rights at law or in equity as the Authority and the Municipality and its tax collector would have had if the lien had not been assigned with regard to the precedence and priority of such lien, the accrual of interest and the fees and expenses of collection. The assignee shall have the same rights to enforce such liens as any private party holding a lien on real property, including, but not limited to, foreclosure and a suit on the debt. Costs and reasonable attorneys' fees incurred by the assignee as a result of any foreclosure action or other legal proceeding brought pursuant to the assignment and directly related to the proceeding shall be taxed in any such proceeding against each person having title to any property subject to the proceedings. Such costs and fees may be collected by the assignee at any time after demand for payment has been made by the assignee.

(2) The Municipality hereby acknowledges that the Authority may sell or assign any and all liens received from the Municipality under Section 3(d) of this Agreement to a trustee for the benefit of the holders of the Authority's bonds, notes or other obligations issued to finance the costs of the commercial sustainable energy program, and that the holders of the Authority's bonds, notes or other obligations will rely on the Municipality to levy, collect and remit the benefit assessments to the Authority. Therefore, the Municipality unconditionally agrees that in the event the Municipality does not discharge its duties under this Agreement, the trustee shall have the right to enforce the Municipality's obligations under this Agreement by institution of legal action against the Municipality.

(e) **Billing and Collection; Payment to the Authority.**

(1) The Municipality shall bill the benefit assessments in the same manner and at the same time as it bills its real property taxes. The benefit assessment payments shall be a separate clearly defined line item or separate bill and shall be due on the same dates as the Municipality's real property taxes. The amount of the benefit assessment will be recorded on the Municipality's tax rolls in the same manner as any other benefit assessment, such that the public will have access to its existence and payment status. The penalties and interest on delinquent benefit assessments shall be charged in the same manner and rate as the Municipality charges for delinquent real property taxes.

(2) Payments of the benefit assessments collected by the Municipality shall be segregated from all other funds of the Municipality and deposited in a separate account for the benefit of the Authority and identifying the Authority as the beneficial owner. The Municipality disclaims any ownership interest or other interests in such account or the amount collected.

(3) The Municipality shall pay all amounts collected with respect to the benefit assessments within any calendar month to the Authority or its assignee no later than thirty days after the month that the amounts are collected. The Municipality will provide monthly collection reports to the Authority, and the Authority, at its own expense, shall have the right to audit the records relating to the benefit assessments upon reasonable notice at reasonable times. The Authority and Municipality agree to provide each other with such reasonable information as they may request and the Authority and the Municipality agree to provide such information in a computer format satisfactory to the other.

(f) Collection of Delinquent Payments.

(1) If (i) the benefit assessment liens have not been assigned to the Authority pursuant to Section 3(d) of this Agreement, or (ii) the Authority makes a written request to the Municipality for its assistance in the collection of delinquent benefit assessments and related charges, the Municipality, in its sole discretion, and the Authority may enter into a separate agreement for those services, which agreement shall provide for compensation to be paid to the Municipality for its collection services. The agreement may provide for the Municipality to pursue the collection of any delinquent benefit assessments with the same diligence it employs in the collection of the Municipality's real property taxes, including the commencement of foreclosure proceedings to the extent provided by the then-current statutes of the State of Connecticut, and to take such actions that are required to preserve the lien securing delinquent benefit assessments. The agreement may also provide that the Authority shall have the right to take over the enforcement of any delinquent benefit assessments upon written notice to the Municipality, and thereupon the Municipality will have no further responsibility to collect such amount.

(2) The Municipality will provide written notice to the Authority of any sale or assignment of its real property taxes or any institution of a judicial foreclosure or other proceeding against any real property for delinquent real property taxes if such real property is subject to a lien securing a delinquent benefit assessment. Similarly, the Authority shall provide

written notice to the Municipality of the institution of a judicial foreclosure or other proceeding against any qualified commercial real property for a delinquent benefit assessment.

(g) **Promotion of Program; Assistance for Authority Financing; Payment to Municipality.**

(1) The Municipality shall use good faith efforts to assist the Authority in local marketing efforts and outreach to the local business community to encourage participation in the commercial sustainable energy program, such as including commercial sustainable energy program information on the Municipality's website, distributing an informational letter from chief elected official to local businesses regarding the program, and conducting one or more business roundtable event(s).

(2) The Municipality shall use good faith efforts to assist in gathering and providing information for the Authority to offer, sell and issue its bonds, notes or other obligations to provide funds for the commercial sustainable energy program.

(3) The Authority agrees to pay the Municipality annually a fee of \$500 (the "Annual Fee") for its services hereunder. In the event such payment is not sufficient to cover the Municipality's out of pocket costs and expenses in discharging its duties hereunder, the Authority shall reimburse the Municipality for its actual reasonable costs and expenses associated with the collection and enforcement of the benefit assessments in excess of the Annual Fee. Such costs and expenses include reasonable costs incurred by the Municipality in conjunction with any and all proceedings to collect and enforce the benefit assessments and delinquent benefit assessments, including foreclosure proceedings.

Section 4 - Indemnification.

The Authority agrees that it will protect, defend, indemnify and hold harmless the Municipality and its officers, agents and employees to the extent of available proceeds derived from the benefit assessments from and against all claims, demands, causes of action, damages, judgments, losses and expenses, including reasonable attorney's fees, arising out of or in connection with the actions of the Authority's officers, employees and agents under this Agreement. This provision shall survive termination of this Agreement.

Section 5 - Term.

The term of this Agreement shall commence upon the date first written above. This Agreement shall be in full force and effect until all of the benefit assessments have been paid in full or deemed no longer outstanding.

Section 6 -Default.

Each party shall give the other party written notice of any breach of any covenant or agreement under this Agreement and shall allow the defaulting party 30 days from the date of its receipt of such notice within which to cure any such default or, if it cannot be cured within the 30

days, to commence and thereafter diligently pursue to completion, using good faith efforts to effect such cure and to thereafter notify the other party of the actual cure of any such default. The parties shall have all other rights and remedies provided by law, including, but not limited to, specific performance, provided however, in no event shall either party have the right to terminate this Agreement prior to the expiration of the Term, except as provided in accordance with Section 7(c) of this Agreement.

Section 7 - Miscellaneous Provisions.

(a) **Assignment or Transfer.** Except as provided in Section 3(d) hereof, a party may not assign or transfer its rights or obligations under this Agreement to another unit of local government, political subdivision or agency of the State of Connecticut or to a private party or entity without the prior written consent of the other party and, if required, the prior approval of the holders of the Authority's bonds, notes or other obligations. If approval of the assignment by the holders of the Authority's bonds, notes or other obligations is required, such approval shall be obtained in accordance with the indenture or other documents entered into by the Authority in connection with the bonds, notes or other obligations.

(b) **Amendment and Termination.** After the Authority sells and issues its bonds, notes or other obligations to finance the costs of the commercial sustainable energy program, this Agreement may not be amended or terminated by the parties without the prior approval of the holders of the Authority's bonds, notes or other obligations, which approval shall be obtained in accordance with the indenture or other documents entered into by the Authority in connection with the bonds, notes or other obligations.

(c) **Severability.** If any clause, provision or section of this Agreement is held to be illegal or invalid by any court, the invalidity of the clause, provision or section will not affect any of the remaining clauses, provisions or sections, and this Agreement will be construed and enforced as if the illegal or invalid clause, provision or section has not been contained in it.

(d) **Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of which together shall constitute but one and the same instrument.

(e) **Notices.** All notices, requests, consents and other communications shall be in writing and shall be delivered, mailed by first class mail, postage prepaid, or overnight delivery service, to the parties, as follows:

If to the Municipality:

If to the Authority:

Clean Energy Finance and Investment Authority
865 Brook Street
Rocky Hill, Connecticut 06067
Attention: President

(g) **Amendment and Waivers.** Except as otherwise set forth in this Agreement, any amendment to or waiver of any provision of this Agreement must be in writing and mutually agreed to by the Authority and the Municipality.

(h) **Applicable Law and Venue.** This Agreement and its provisions shall be governed by and construed in accordance with the laws of the State of Connecticut. In any action, in equity or law, with respect to the enforcement or interpretation of this Agreement, venue shall be in the State of Connecticut.

(i) **Entire Agreement.** This instrument constitutes the entire agreement between the parties and supersedes all previous discussions, understandings and agreements between the parties relating to the subject matter of this Agreement.

(j) **Headings.** The headings in this Agreement are solely for convenience, do not constitute a part of this Agreement and do not affect its meaning or construction.

(k) **Affirmation of Applicable Executive Orders.** To the extent applicable to this Agreement, Municipality acknowledges that it will be required to comply with the provisions of the following Executive Orders: Executive Order No. 7C of Governor M. Jodi Rell, promulgated July 13, 2006, concerning contracting reforms; Executive Order No. 14 of Governor M. Jodi Rell, promulgated April 17, 2006, concerning procurement of cleaning products and services; Executive Order No. 16 of Governor John G. Rowland, promulgated August 4, 1999, concerning violence in the workplace; Executive Order No. 17 of Governor Thomas J. Meskill, promulgated February 15, 1973, concerning the listing of employment openings; and Executive Order No. 3 of Governor Thomas J. Meskill, promulgated June 16, 1971, concerning labor employment practices.

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IN WITNESS WHEREOF, the Municipality and the Authority have each caused this Agreement to be executed and delivered as of the date indicated above:

(SEAL)

ATTEST:

CITY OF _____

By: _____

Its: _____

**CLEAN ENERGY FINANCE AND
INVESTMENT AUTHORITY**

By: _____

Bryan T. Garcia, President

EXHIBIT A

2012 SPECIAL SESSION C-PACE

SB 501

COMMERCIAL PROPERTY ASSESSED CLEAN ENERGY (C-PACE)

Sec. 157. (NEW) (*Effective from passage*) (a) As used in this section:

- (1) "Energy improvements" means any renovation or retrofitting of qualifying commercial real property to reduce energy consumption or installation of a renewable energy system to service qualifying commercial real property, provided such renovation, retrofit or installation is permanently fixed to such qualifying commercial real property;
- (2) "Qualifying commercial real property" means any commercial or industrial property, regardless of ownership, that meets the qualifications established for the commercial sustainable energy program;
- (3) "Commercial or industrial property" means any real property other than a residential dwelling containing less than five dwelling units;
- (4) "Benefitted property owner" means an owner of qualifying commercial real property who desires to install energy improvements and provides free and willing consent to the benefit assessment against the qualifying commercial real property;
- (5) "Commercial sustainable energy program" means a program that facilitates energy improvements and utilizes the benefit assessments authorized by this section as security for the financing of the energy improvements;
- (6) "Municipality" means a municipality, as defined in section 7-369 of the general statutes;
- (7) "Benefit assessment" means the assessment authorized by this section;
- (8) "Participating municipality" means a municipality that has entered into a written agreement, as approved by its legislative body, with the authority pursuant to which the municipality has agreed to assess, collect, remit and assign, benefit assessments to the authority in return for energy improvements for benefitted property owners within such municipality and costs reasonably incurred in performing such duties; and

(9) "Authority" means the Clean Energy Finance and Investment Authority.

(b) (1) The authority shall establish a commercial sustainable energy program in the state, and in furtherance thereof, is authorized to make appropriations for and issue bonds, notes or other obligations for the purpose of financing, (A) energy improvements; (B) related energy audits; (C) renewable energy system feasibility studies; and (D) verification reports of the installation and effectiveness of such improvements. The bonds, notes or other obligations shall be issued in accordance with legislation authorizing the authority to issue bonds, notes or other obligations generally. Such bonds, notes or other obligations may be secured as to both principal and interest by a pledge of revenues to be derived from the commercial sustainable energy program, including revenues from benefit assessments on qualifying commercial real property, as authorized in this section.

(2) When the authority has made appropriations for energy improvements for qualifying commercial real property or other costs of the commercial sustainable energy program, including interest costs and other costs related to the issuance of bonds, notes or other obligations to finance the appropriation, the authority may require the participating municipality in which the qualifying commercial real property is located to levy a benefit assessment against the qualifying commercial real property especially benefited thereby.

(3) The authority (A) shall develop program guidelines governing the terms and conditions under which state financing may be made available to the commercial sustainable energy program, including, in consultation with representatives from the banking industry, municipalities and property owners, developing the parameters for consent by existing mortgage holders and may serve as an aggregating entity for the purpose of securing state or private third-party financing for energy improvements pursuant to this section, (B) shall establish the position of commercial sustainable energy program liaison within the authority, (C) shall establish a loan loss reserve or other credit enhancement program for qualifying commercial real property, (D) may use the services of one or more private, public or quasi-public third-party administrators to administer, provide support or obtain financing for the commercial sustainable energy program, and (E) shall adopt standards to ensure that the energy cost savings of the energy improvements over the useful life of such improvements exceed the costs of such improvements.

(c) Before establishing a commercial sustainable energy program under this section, the authority shall provide notice to the electric distribution company, as defined in section 16-1 of the general statutes, that services the participating municipality.

(d) If a benefitted property owner requests financing from the authority for energy improvements under this section, the authority shall:

(1) Require performance of an energy audit or renewable energy system feasibility analysis on the qualifying commercial real property that assesses the expected energy cost savings of the energy improvements over the useful life of such improvements before approving such financing;

(2) If financing is approved, require the participating municipality to levy a benefit assessment on the qualifying commercial real property with the property owner in a principal amount sufficient to pay the costs of the energy improvements and any associated costs the authority determines will benefit the qualifying commercial real property;

(3) Impose requirements and criteria to ensure that the proposed energy improvements are consistent with the purpose of the commercial sustainable energy program;

(4) Impose requirements and conditions on the financing to ensure timely repayment, including, but not limited to, procedures for placing a lien on a property as security for the repayment of the benefit assessment; and

(5) Require that the property owner provide written notice, not less than thirty days prior to the recording of any lien securing a benefit assessment for energy improvements for such property, to any existing mortgage holder of such property, of the property owner's intent to finance such energy improvements pursuant to this section.

(e) (1) The authority may enter into a financing agreement with the property owner of qualifying commercial real property. After such agreement is entered into, and upon notice from the authority, the participating municipality shall place a caveat on the land records indicating that a benefit assessment and lien is anticipated upon completion of energy improvements for such property.

(2) The authority shall disclose to the property owner the costs and risks associated with participating in the commercial sustainable energy program established by this section, including risks related to the failure of the property owner to pay the benefit assessment. The authority shall disclose to the property owner the effective interest rate of the benefit assessment, including fees charged by the authority to administer the program, and the risks associated with variable interest rate financing. The authority shall notify the property owner that such owner may rescind any financing agreement entered into pursuant to this section not later than three business days after such agreement.

(f) The authority shall set a fixed or variable rate of interest for the repayment of the benefit assessment amount at the time the benefit assessment is made. Such interest rate, as may be supplemented with state or federal funding as may become available, shall be sufficient to pay the financing and administrative costs of the commercial sustainable energy program, including delinquencies.

(g) Benefit assessments levied pursuant to this section and the interest, fees and any penalties thereon shall constitute a lien against the qualifying commercial real property on which they are made until they are paid. Such lien shall be levied and collected in the same manner as the property taxes of the participating municipality on real property, including, in the event of default or delinquency, with respect to any penalties, fees and remedies and lien priorities. Each such lien may be continued, recorded and released in the manner provided for property tax liens, subject to the consent of existing mortgage holders, and shall take precedence over all other liens or encumbrances except a lien for taxes of the municipality on real property, which lien for taxes shall have priority over such benefit assessment lien.

(h) Any participating municipality may assign to the authority any and all liens filed by the tax collector, as provided in the written agreement between the participating municipality and the authority. The authority may sell or assign, for consideration, any and all liens received from the participating municipality. The consideration received by the authority shall be negotiated between the authority and the assignee. The assignee or assignees of such liens shall have and possess the same powers and rights at law or in equity as the authority and the participating municipality and its tax collector would have had if the lien had not been assigned with regard to the precedence and priority of such lien, the accrual of interest and the fees and expenses of collection. The assignee shall have the same rights to enforce such liens as any private party holding a lien on real property, including, but not limited to, foreclosure and a suit on the debt. Costs and reasonable attorneys' fees incurred by the assignee as a result of any foreclosure action or other legal proceeding brought pursuant to this section and directly related to the proceeding shall be taxed in any such proceeding against each person having title to any property subject to the proceedings. Such costs and fees may be collected by the assignee at any time after demand for payment has been made by the assignee.



CLEAN ENERGY
FINANCE AND INVESTMENT AUTHORITY

C-PACE

A CLEAN ENERGY FINANCE TOOL FOR BUILDINGS

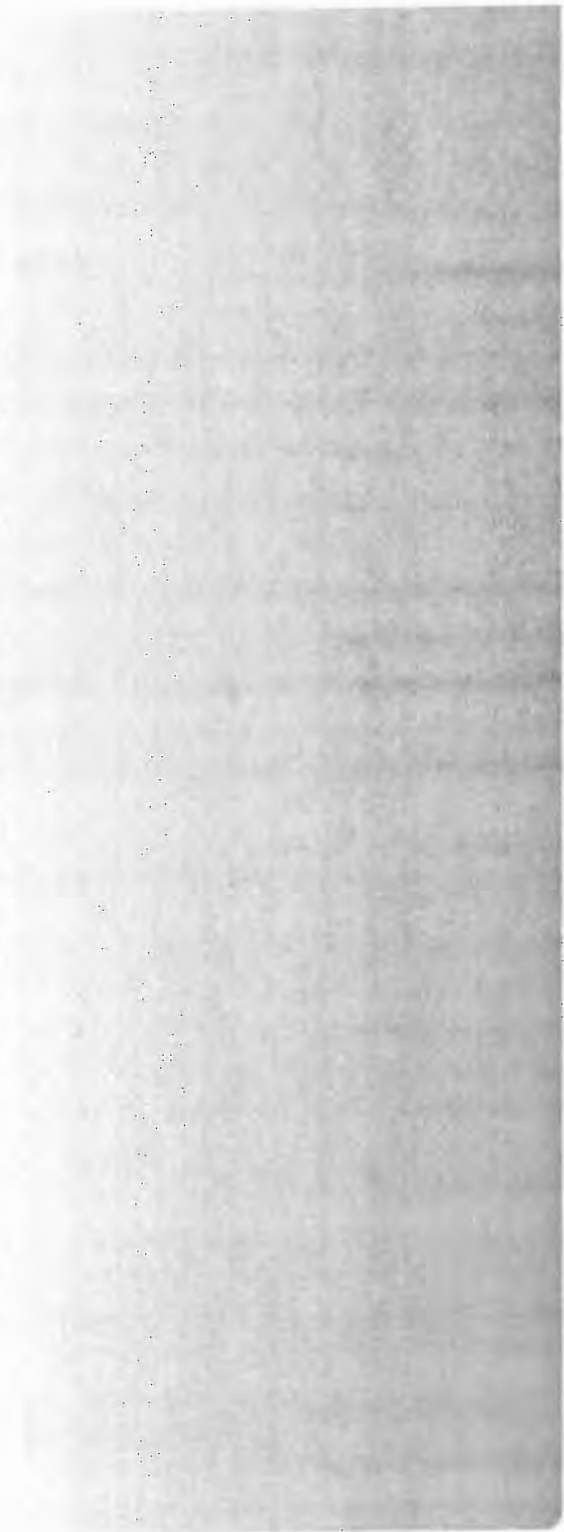


EXHIBIT B



➤ Who is CEFIA?

➤ What is C-PACE?

➤ CEFIA's Role in Designing C-PACE

➤ The C-PACE Advantage

CEFIA is Connecticut's Green Bank



CLEAN ENERGY
FINANCE AND INVESTMENT AUTHORITY

Attract and deploy capital to finance the clean energy goals for Connecticut



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

Reduce reliance on grants, rebates and other subsidies and move towards innovative low-cost financing of clean energy deployment





CLEAN ENERGY
FINANCE AND INVESTMENT AUTHORITY

➤ Who is CEFA?

➤ What is C-PACE?

➤ CEFA's Role in Designing C-PACE

➤ C-PACE Advantages

“Property Assessed Clean Energy”



CLEAN ENERGY
FINANCE AND INVESTMENT AUTHORITY

- 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.

Private capital
provides 100%
upfront, low-cost,
long-term funding

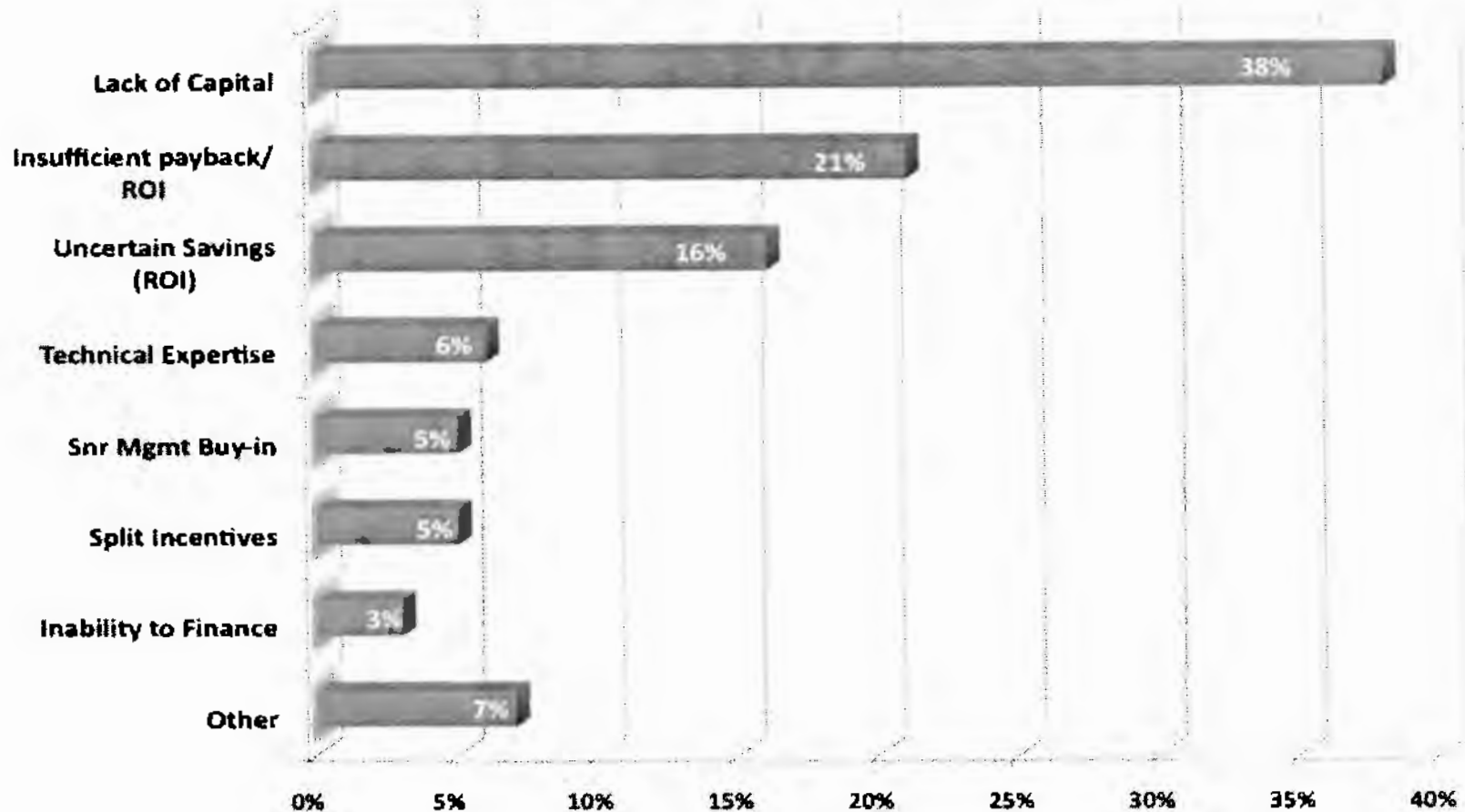
Repayment through
property taxes

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

CRE owners face barriers to upgrades



CLEAN ENERGY
FINANCE AND INVESTMENT AUTHORITY



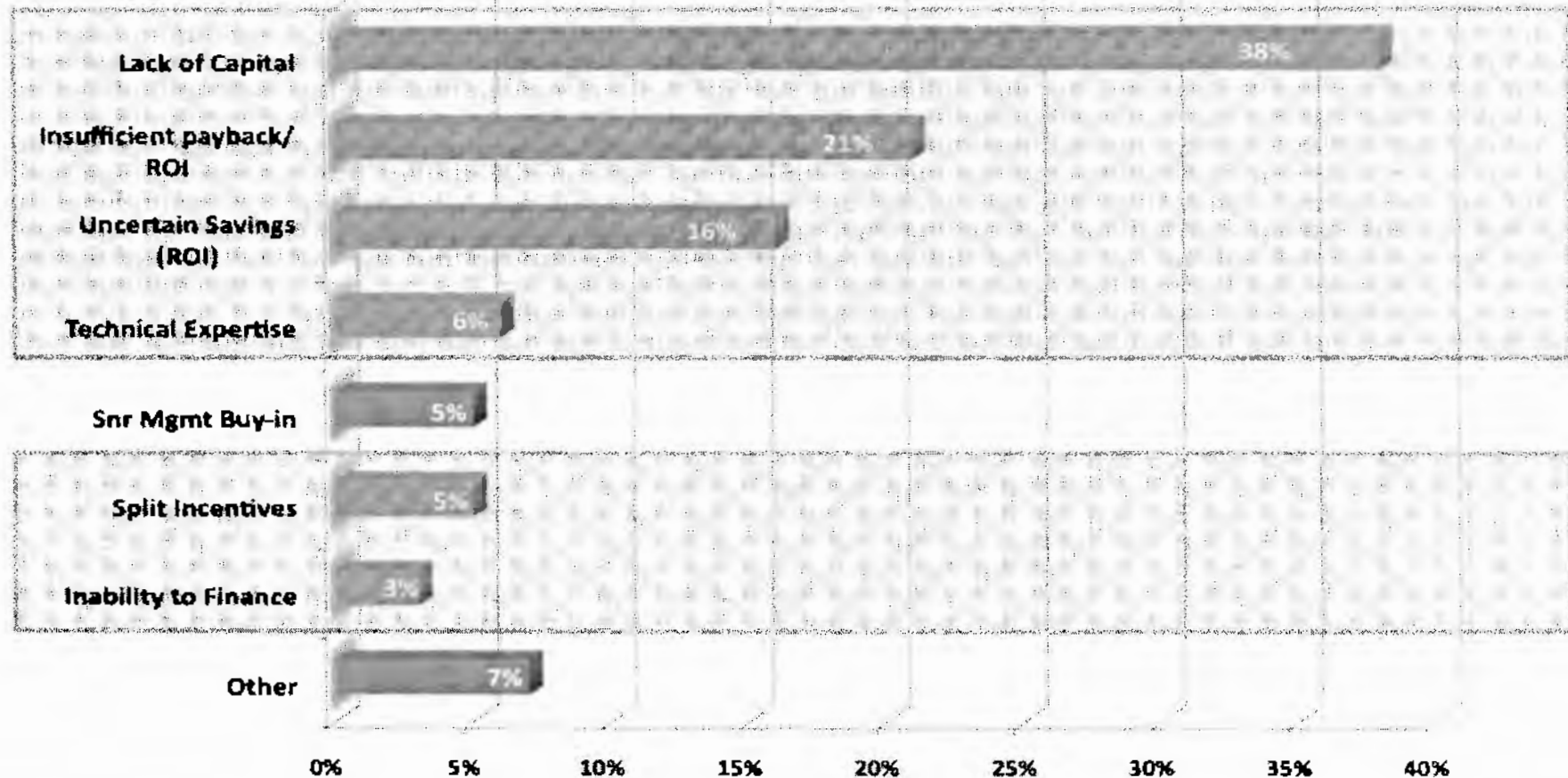
REFERENCES

EE Indicator – NA 2010, Johnson Controls and International
Facilities Management Association (IFMA)

PACE addresses key barriers



CLEAN ENERGY
FINANCE AND INVESTMENT AUTHORITY



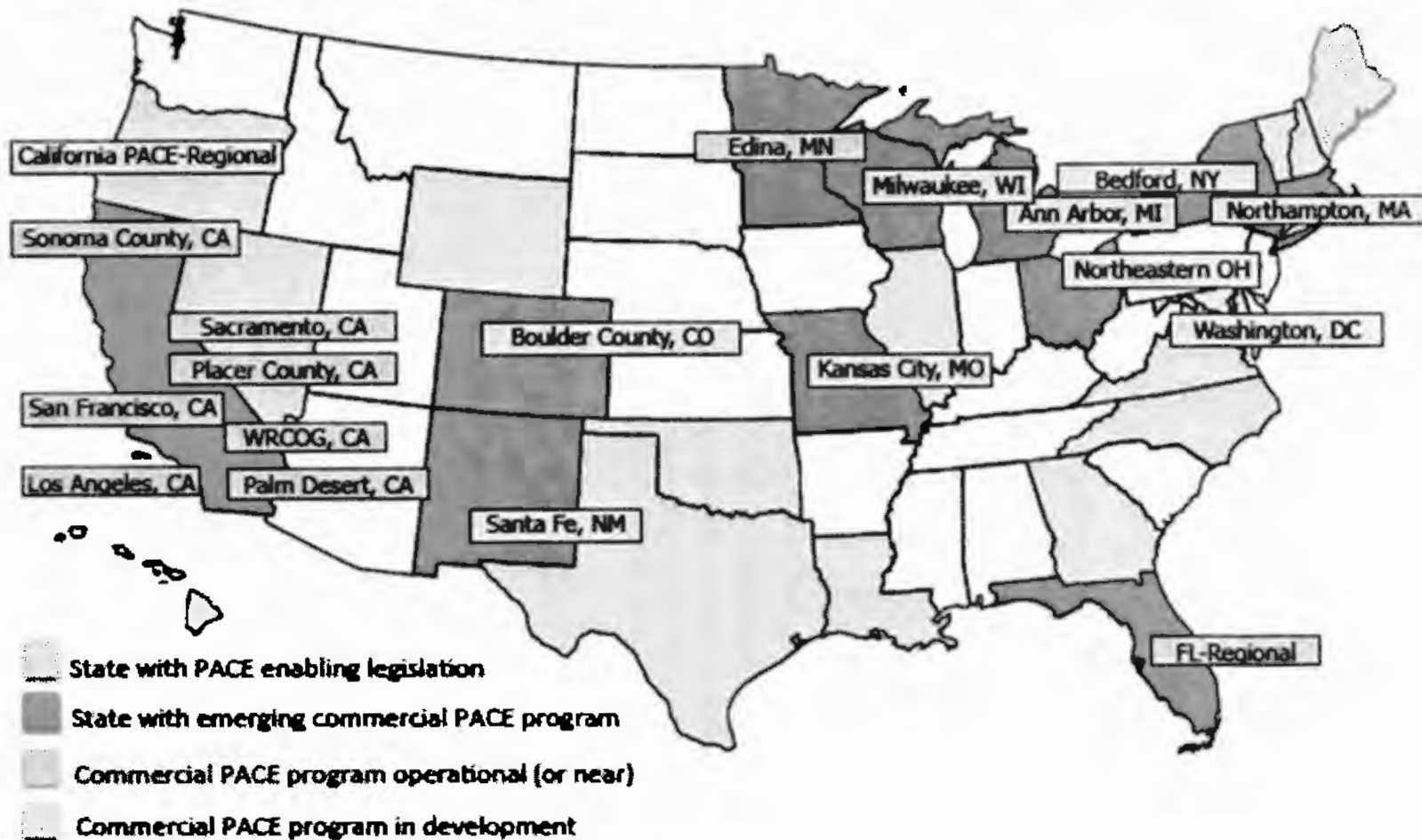
REFERENCES

EE Indicator – NA 2010, Johnson Controls and International
Facilities Management Association (IFMA)

PACE is around the country



CLEAN ENERGY
FINANCE AND INVESTMENT AUTHORITY





- ▶ **Commercial, industrial & multi-family property**
- ▶ Requires the **consent of the existing mortgage lender.**
- ▶ Requires **SIR>1**; permanently affixed
- ▶ Enables **municipalities** to opt-in
- ▶ Enables **CEFIA** to administer a statewide program



**CLEAN ENERGY
FINANCE AND INVESTMENT AUTHORITY**

* What is CEFIA?

* What is C-PACE?

* **CEFIA's Role in Designing C-PACE**

* The C-PACE Advantage



CEFIA's Role in PACE



CLEAN ENERGY
FINANCE AND INVESTMENT AUTHORITY

Design Program

- Publish Guidelines November 2012
- Onboard Municipalities
- Website launched (www.c-pace.com)

Administer Program

- Technical Underwriting
- Marketing & Outreach
- Work with Existing Mortgage Lenders

Attract Private Capital

- Qualify Capital Providers
- Offer Credit Enhancement tools (as needed)
- Provide capital (as needed)
- Develop warehouse / bonding authority (Q2 2013)

CEFIA's Role in PACE



CLEAN ENERGY
FINANCE AND INVESTMENT AUTHORITY

Design Program

- Guidelines Published November 2012
- Onboard Municipalities
- Website launch today (www.c-pace.com)



Administer Program

- Technical Underwriting
- Marketing & Outreach
- Work with Existing Mortgage Lenders

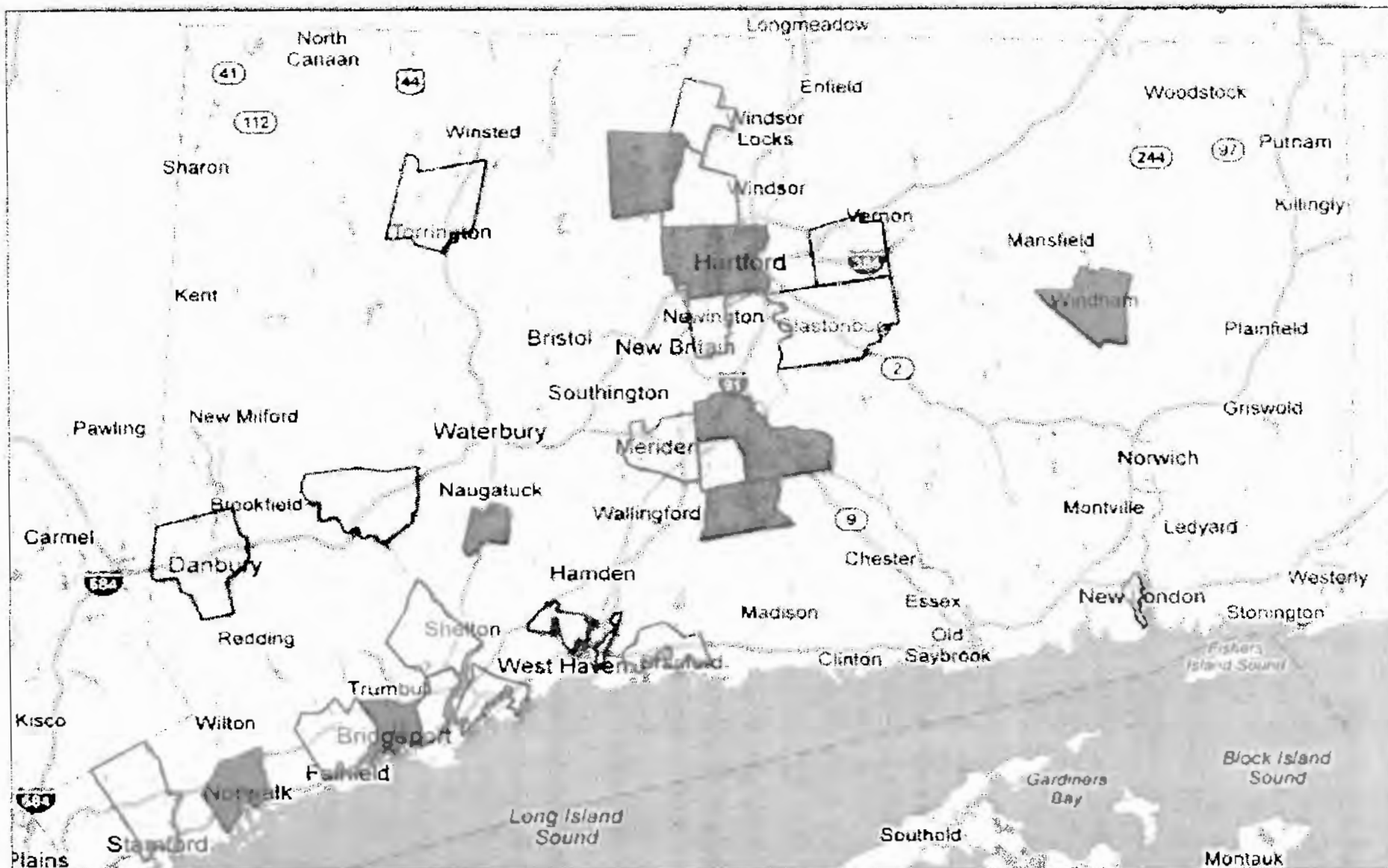
Attract Private Capital

- Qualify Capital Providers
- Offer Credit Enhancement tools (as needed)
- Provide capital (as needed)
- Develop warehouse / bonding authority (Q2 2013)

Municipalities Opting into C-PACE



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Municipalities Opted into C-PACE



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- ▶ **Windham**
- ▶ **Beacon Falls**
- ▶ **Westport**
- ▶ **Durham**
- ▶ **Middletown**
- ▶ **Hartford**
- ▶ **West Hartford**
- ▶ **Bridgeport**
- ▶ **Norwalk**
- ▶ **Simsbury**
- ▶ **Stamford**

Coming soon: Stratford, Waterbury, East Granby, Fairfield, Manchester, Wethersfield, New Haven, Meriden, Plymouth, Cheshire, Southbury, Torrington

Website & Intake Application



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HOME PROJECTS LOCATOR ABOUT US CONTACT

step two - building information

Address of Property

Date of construction

Is a parking area associated with the building?

Gross square footage

What occupies this property?

Date and description of last major renovation

What type fuel use?

Electricity provider

Do you currently pay property taxes on building?

Are payments current?

Is there a current mortgage on the property?

Upload recent annual financial statements of property

Property assessed value

Date of last assessment

Estimated current value

Amount of debt

Are mortgage payments current?

Do you have other title to the property with no encumbrances?

Are there any outstanding tax liens or notices of default?

POWERED BY **HB** CONSTRUCTION

CEFIA's Role in PACE



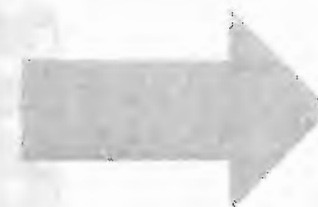
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Design Program

- Publish Guidelines November 2012
- Onboard Municipalities
- Website launch today (www.c-pace.com)

Administer Program

- **Technical Underwriting**
- **Marketing & Outreach**
- **Work with Existing Mortgage Lenders**



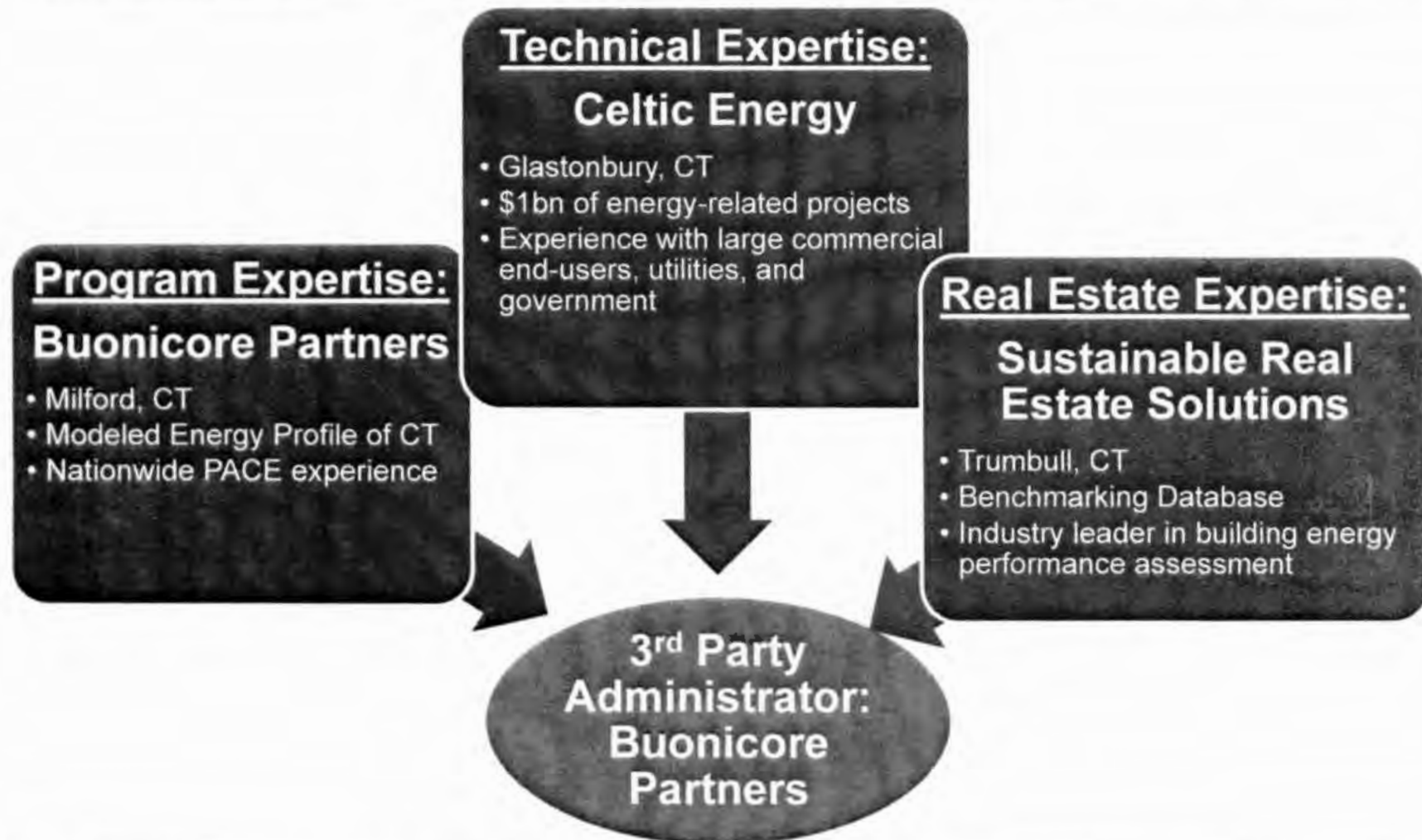
Attract Private Capital

- Qualify Capital Providers
- Offer Credit Enhancement tools (as needed)
- Provide capital (as needed)
- Develop warehouse / bonding authority (Q2 2013)

Technical Underwriting



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Upgrades: What's Eligible?



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Anything that saves energy from baseline *... as long as it isn't going anywhere*

- High efficiency **lighting**
- **HVAC** upgrades
- New automated building and HVAC **controls**
- Variable speed drives (**VSDs**) on motors fans and pumps
- High efficiency **chillers, boilers, and furnaces**
- High efficiency **hot water heating** systems
- Combustion and **burner upgrades**
- **Fuel switching**
- **Water conservation**
- Heat **recovery** and steam traps
- Building **enclosure/envelope** improvements
- **BMS**
- **Renewable** energy systems

Upgrades: What's Not



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- Appliances, e.g., refrigerators, dishwashers, etc.
- Plug load devices
- Vending machine controls
- Any package of measures with a weighted average effective useful life (EUL) that does not meet or exceed the life of the loan
- Any package of measures that does not achieve an energy savings (over the life of the loan) to [total project] investment ratio > 1
- Any measure that is easily removed/not permanently installed
- Any measure that does not result in improved energy efficiency
- Extending natural gas lines to the property line to enable a PACE-eligible gas conversion project.

PACE Opportunities in CT



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Greenwich's Eligible Building Profile



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- **26 Industrial buildings = 749,441 square feet**
- **314 Office buildings = 6,291,507 square feet (avg age 1970)**
- **342 Retail buildings = 3,040,359 square feet**
- **TOTAL C-PACE eligible buildings*: 682 properties**

***excluding multi-family**

CEFIA's Role in PACE



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Attract Private Capital

- **Qualify Capital Providers**
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- **Develop warehouse / bonding authority (Q2 2013)**



Funding: Capital Sourcing



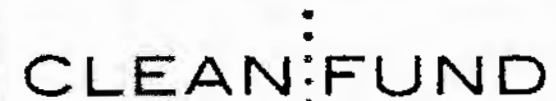
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Qualified Capital Providers

- CEFA qualified 8 capital providers through a RFI.
- “Lending tree” model

Owner Arranged Financing

- Property owner is free to choose their capital provider from the private market. There is no government financing required.

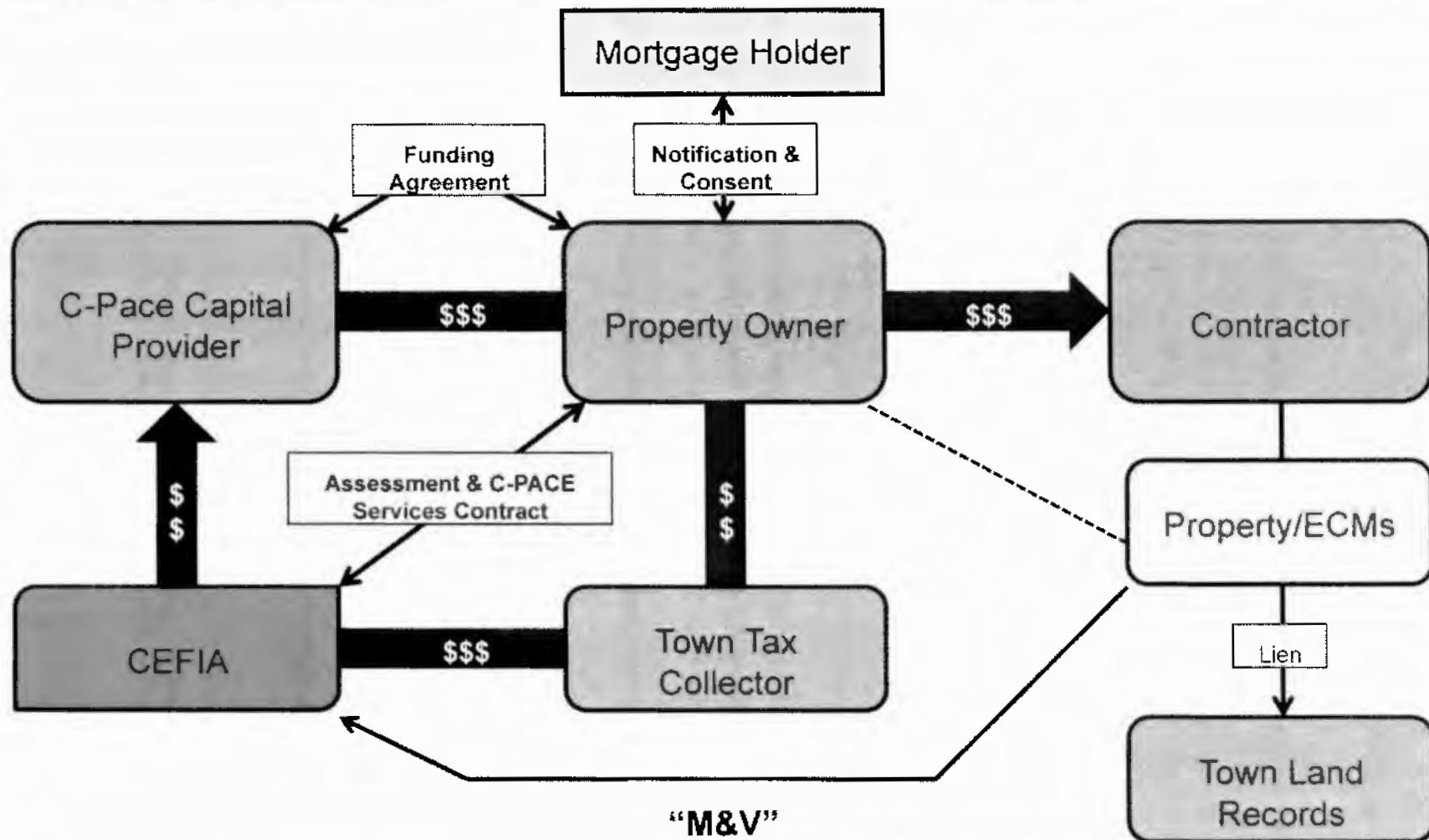


structured finance ASSOCIATES, LLC

Funding: Capital Flow Process



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Funding: Capital Flow Process



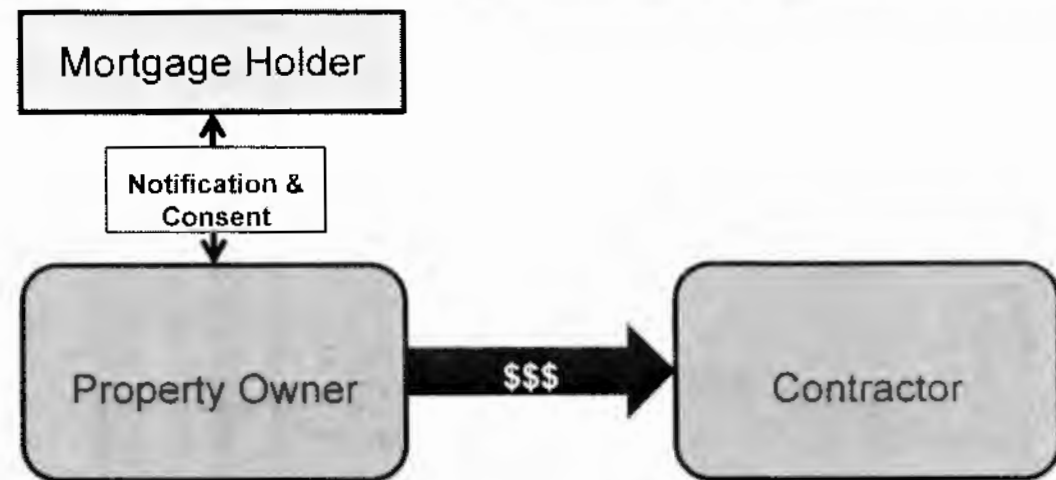
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Funding: Capital Flow Process



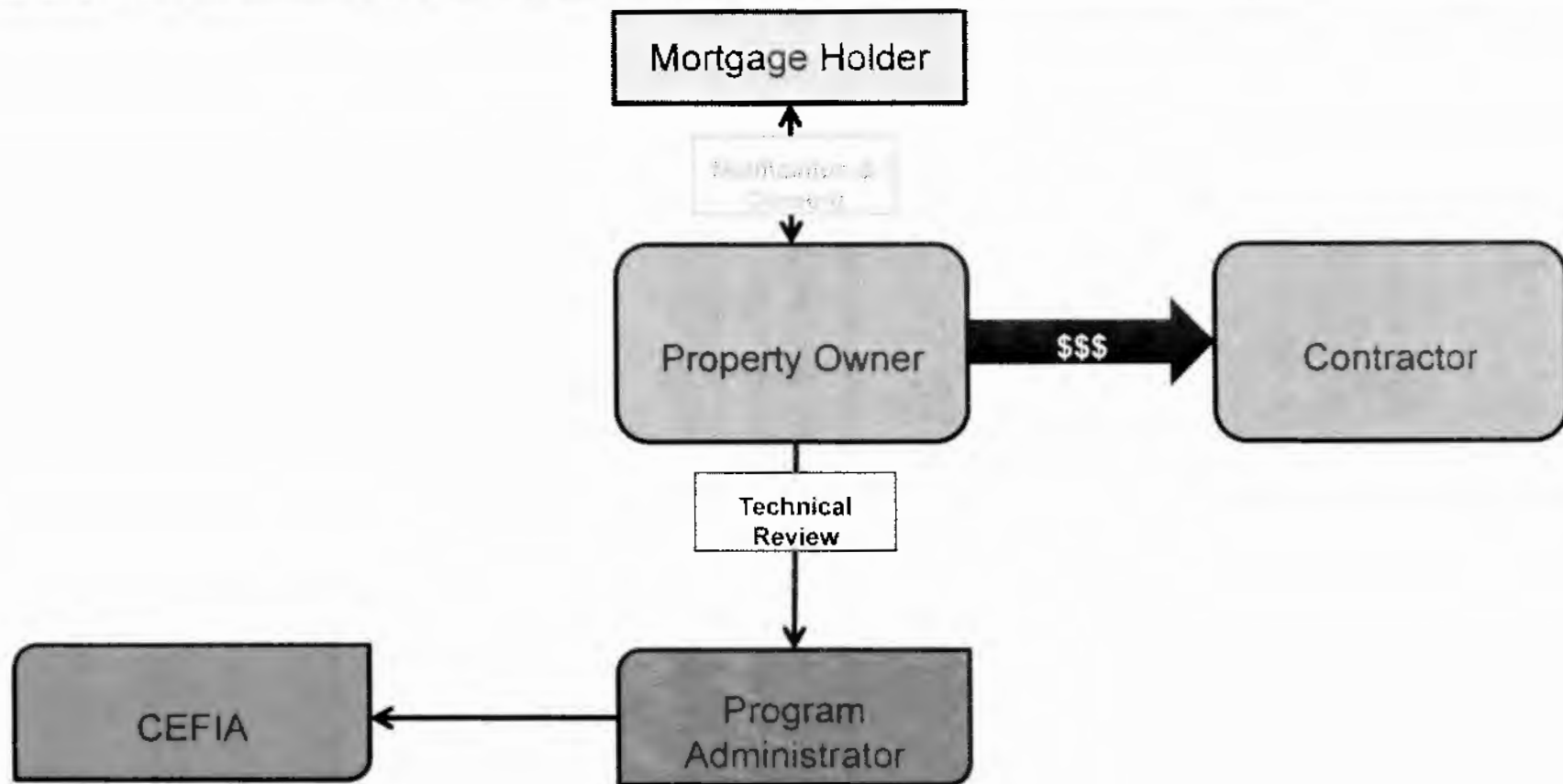
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Funding: Capital Flow Process



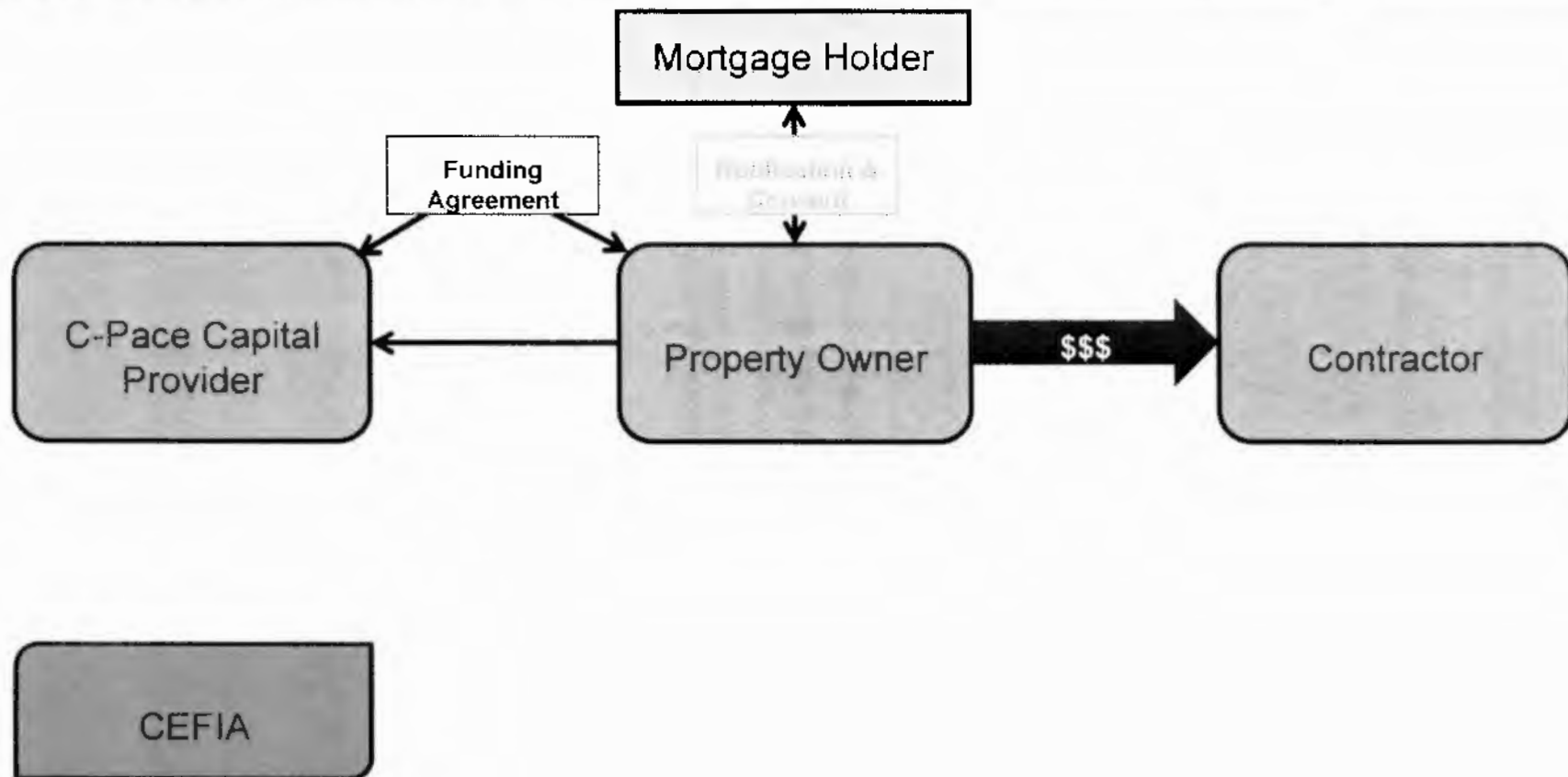
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Funding: Capital Flow Process



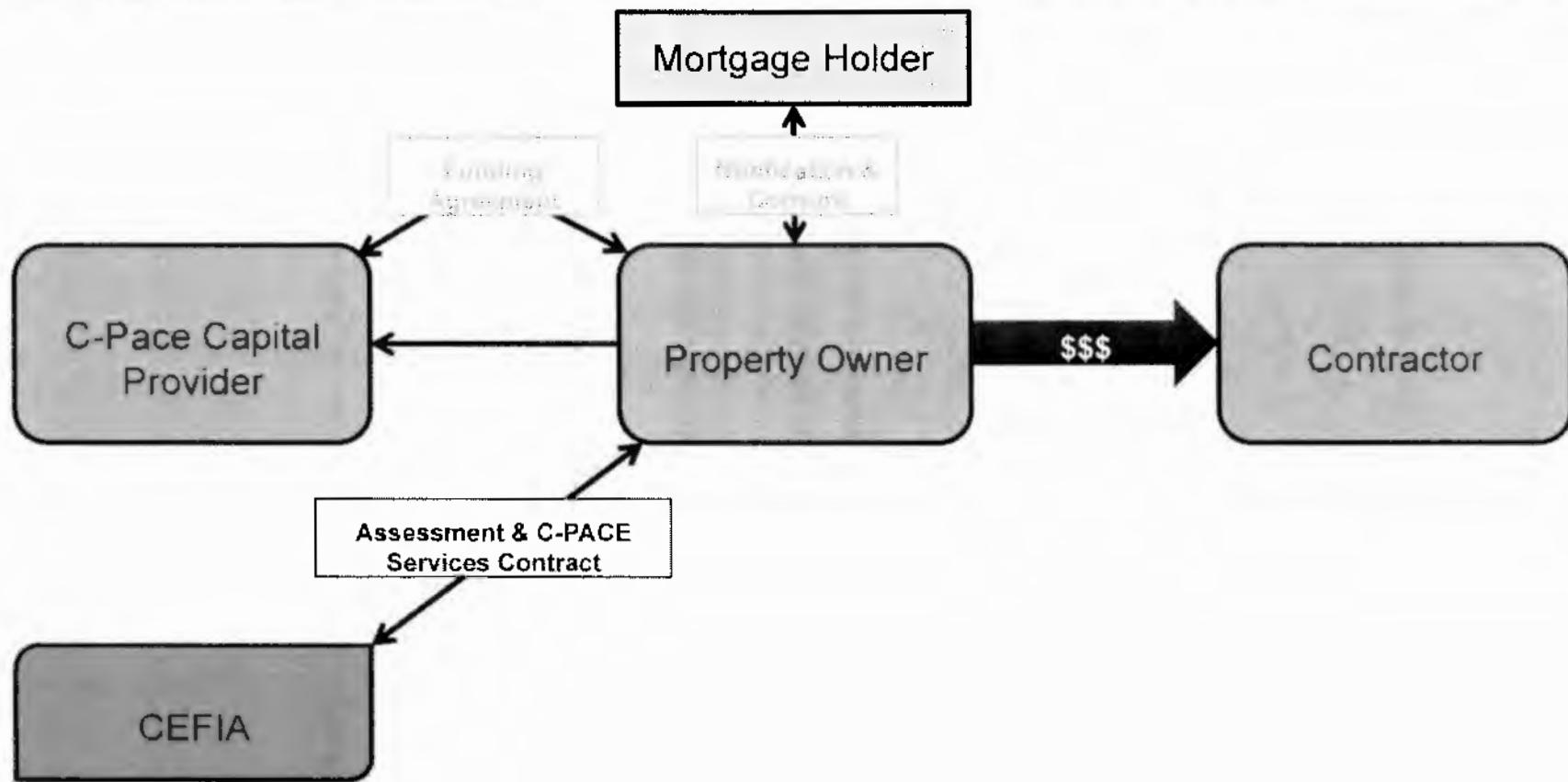
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Funding: Capital Flow Process



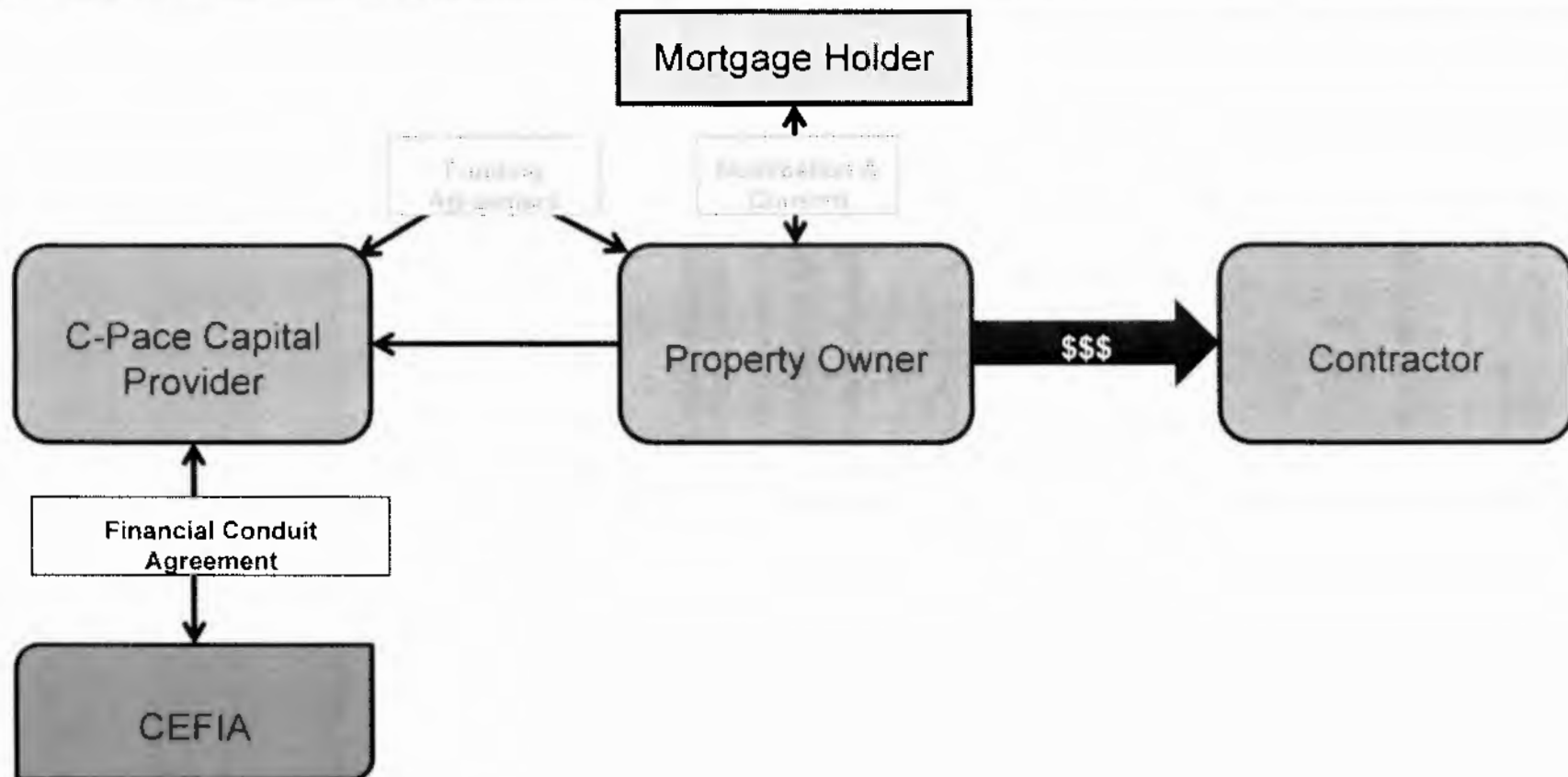
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Funding: Capital Flow Process



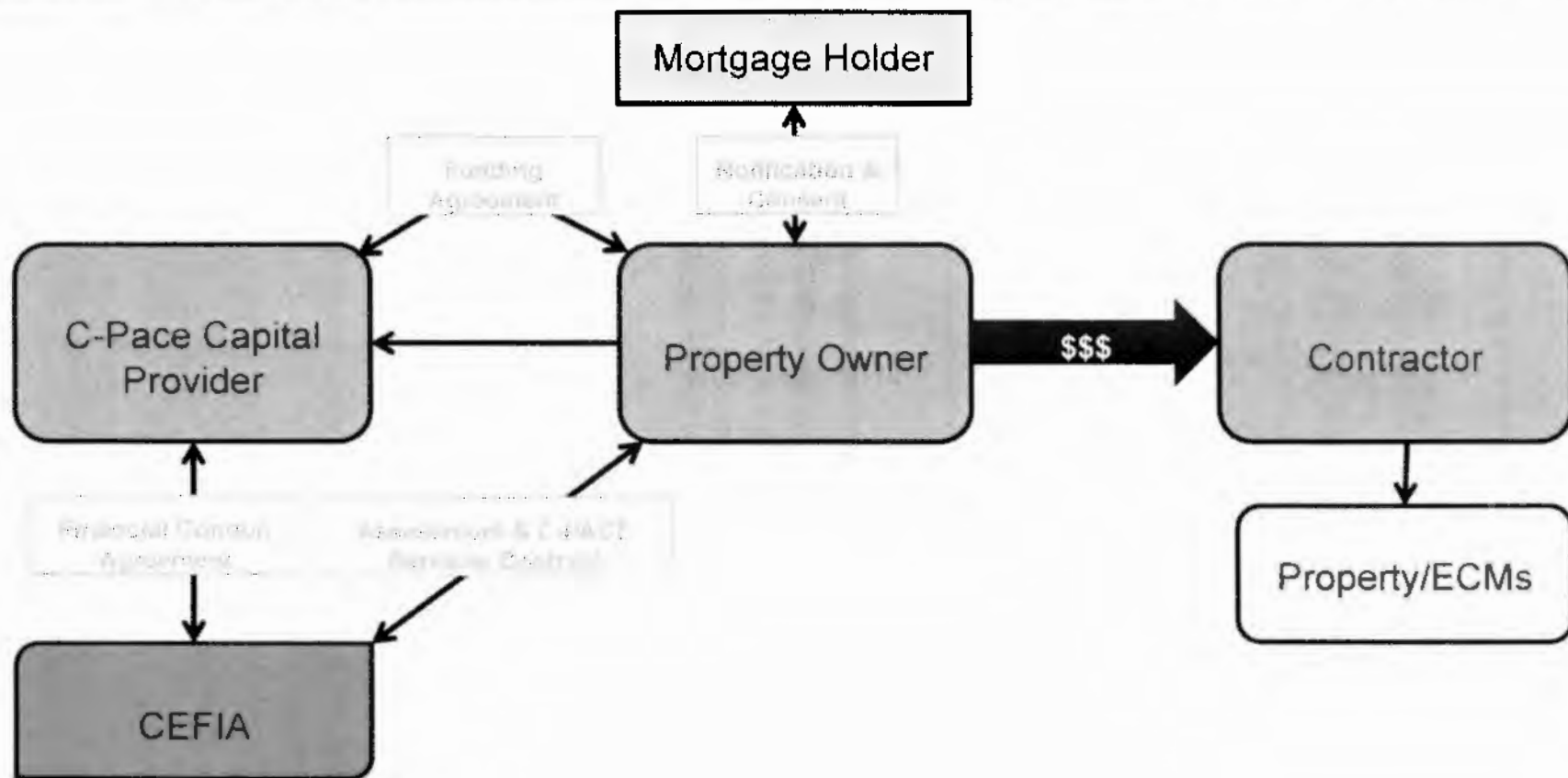
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Funding: Capital Flow Process



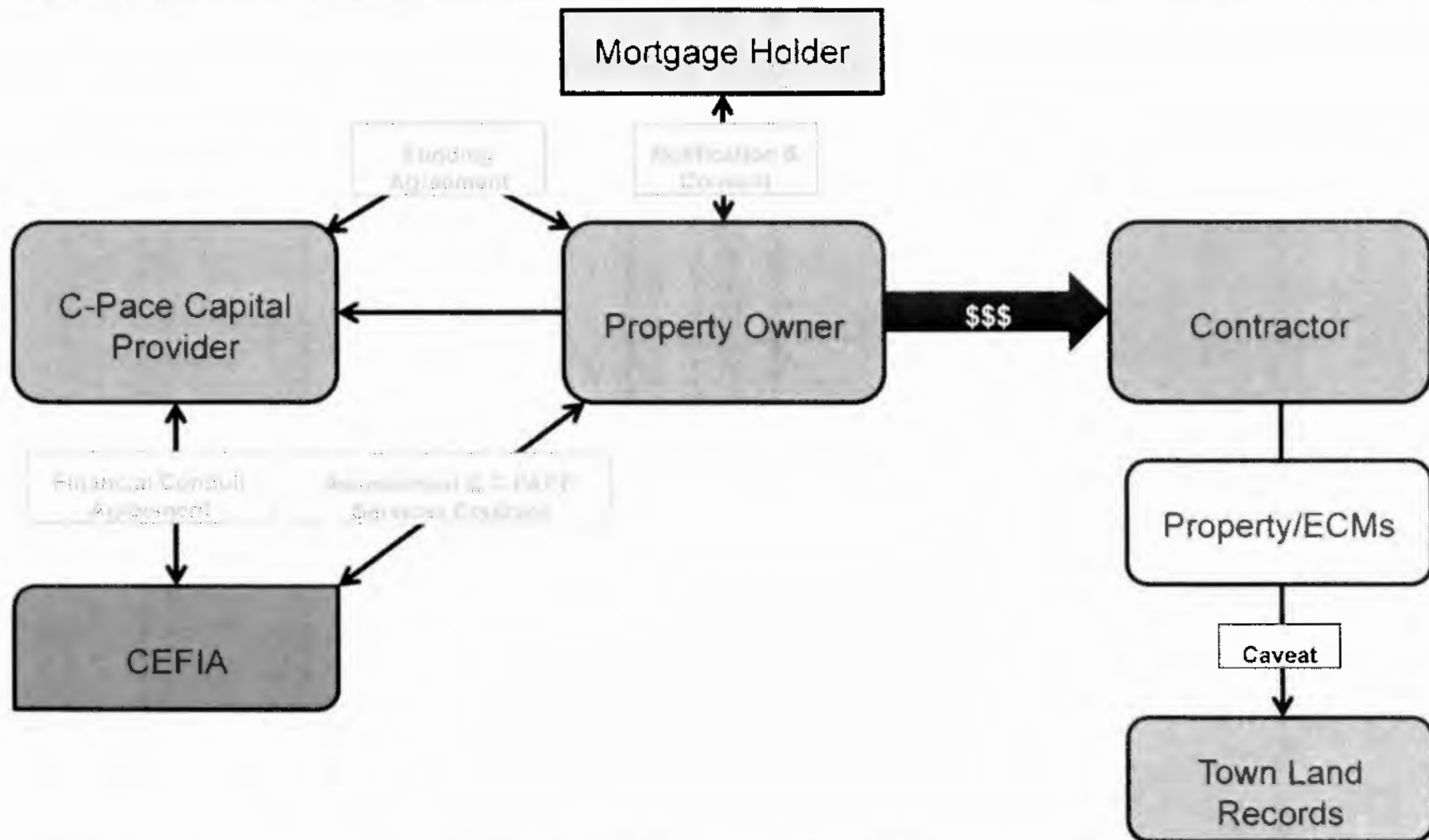
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Funding: Capital Flow Process



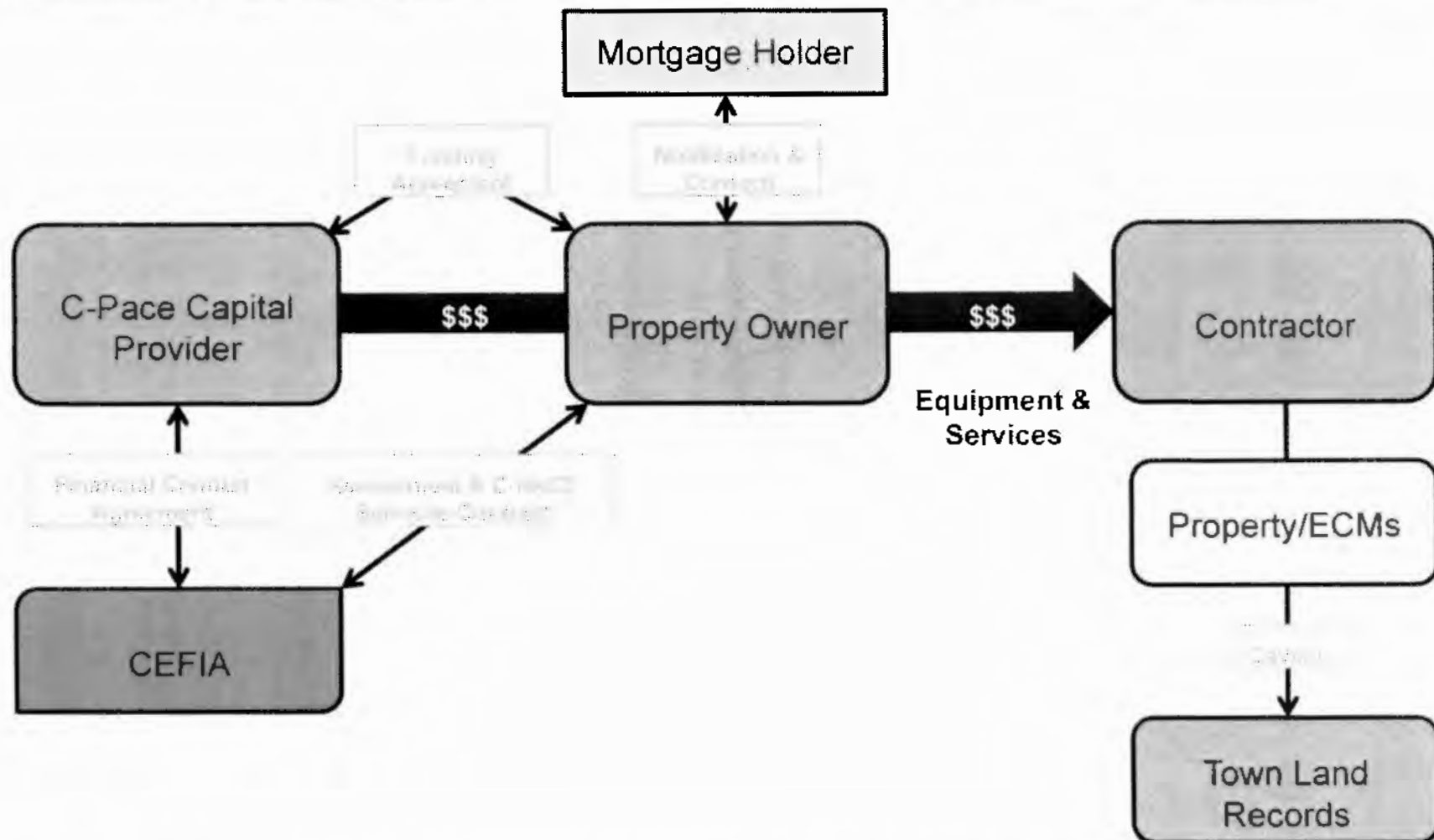
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Funding: Capital Flow Process



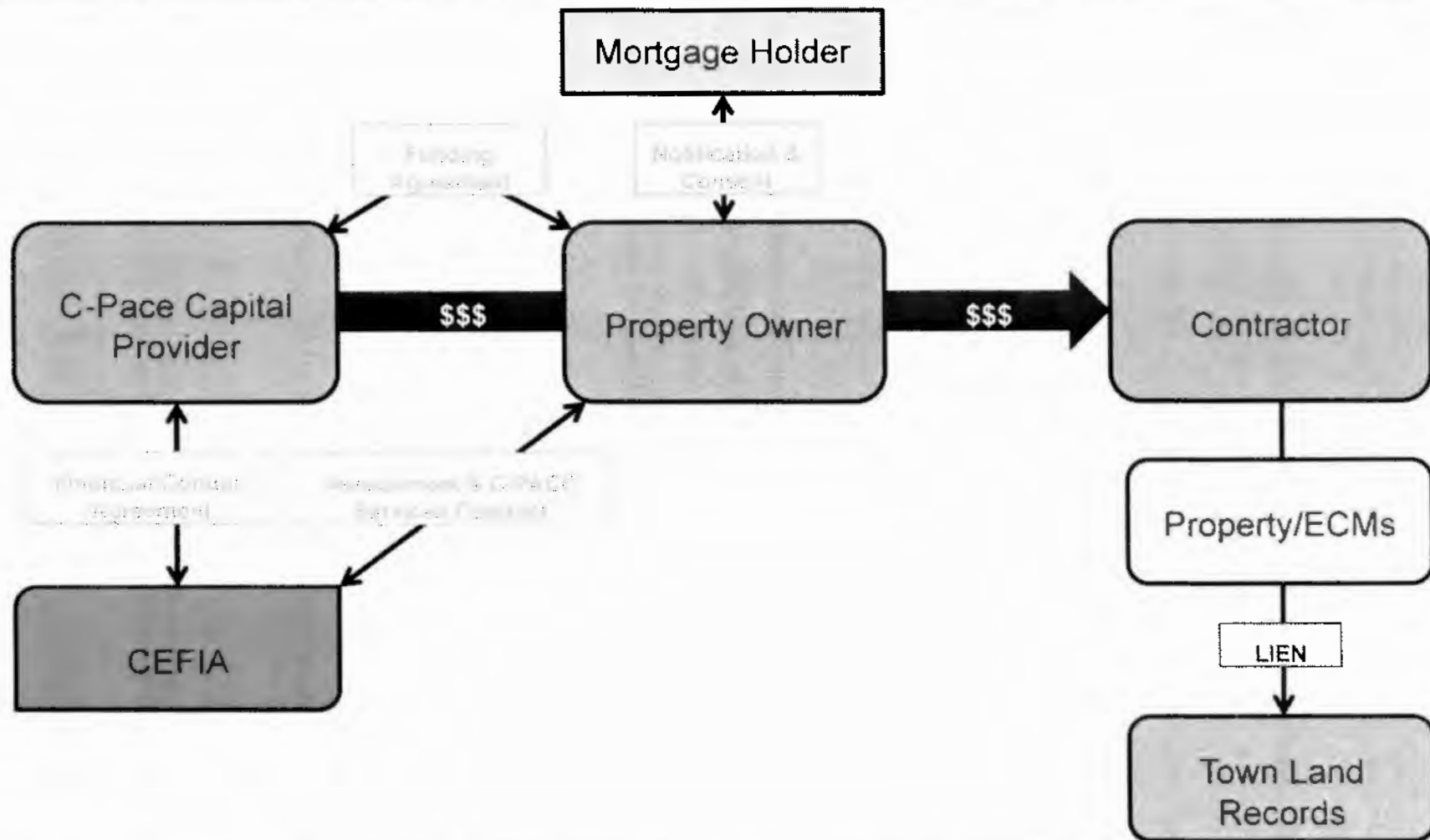
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Funding: Capital Flow Process



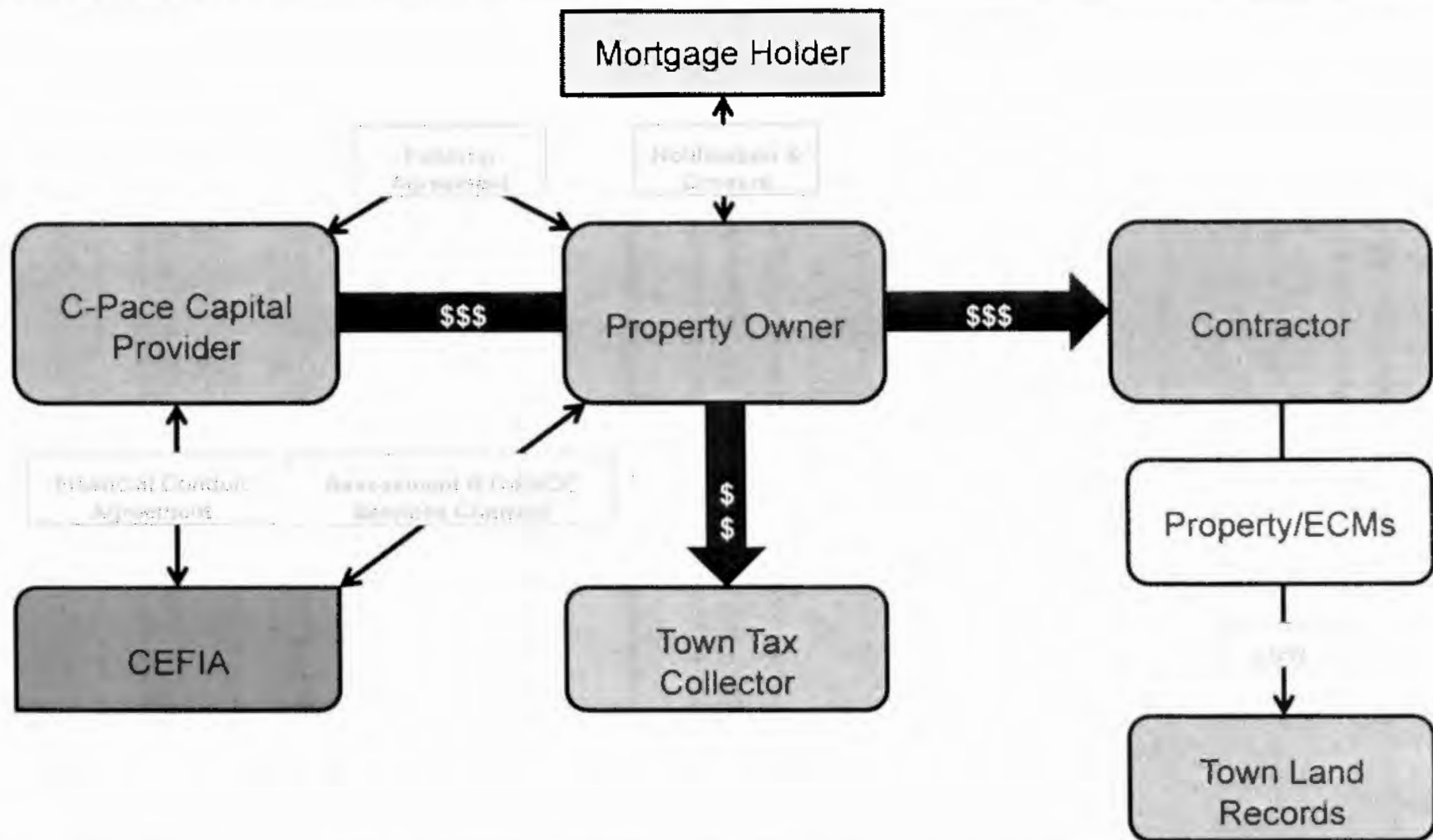
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Funding: Capital Flow Process



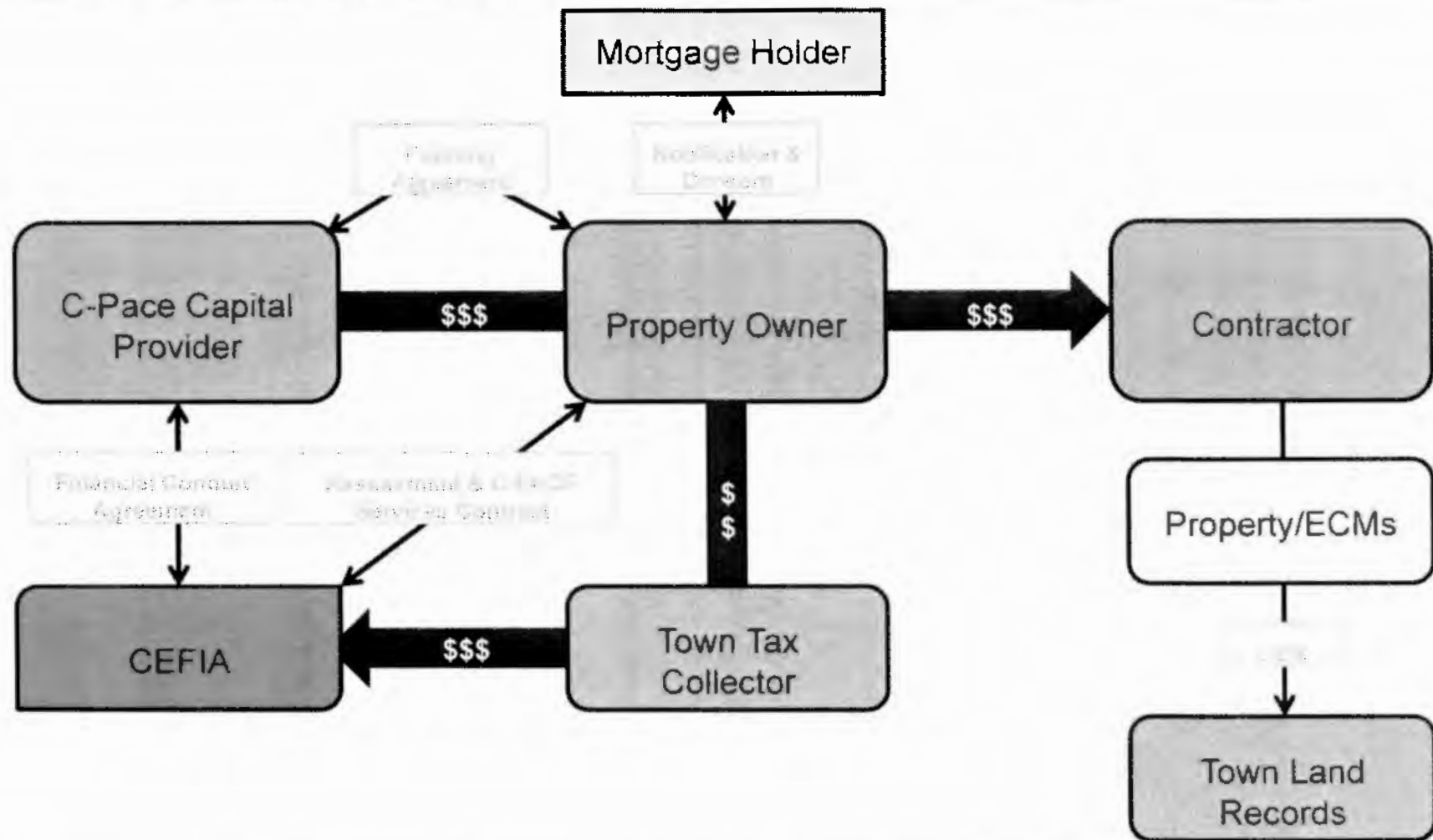
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Funding: Capital Flow Process



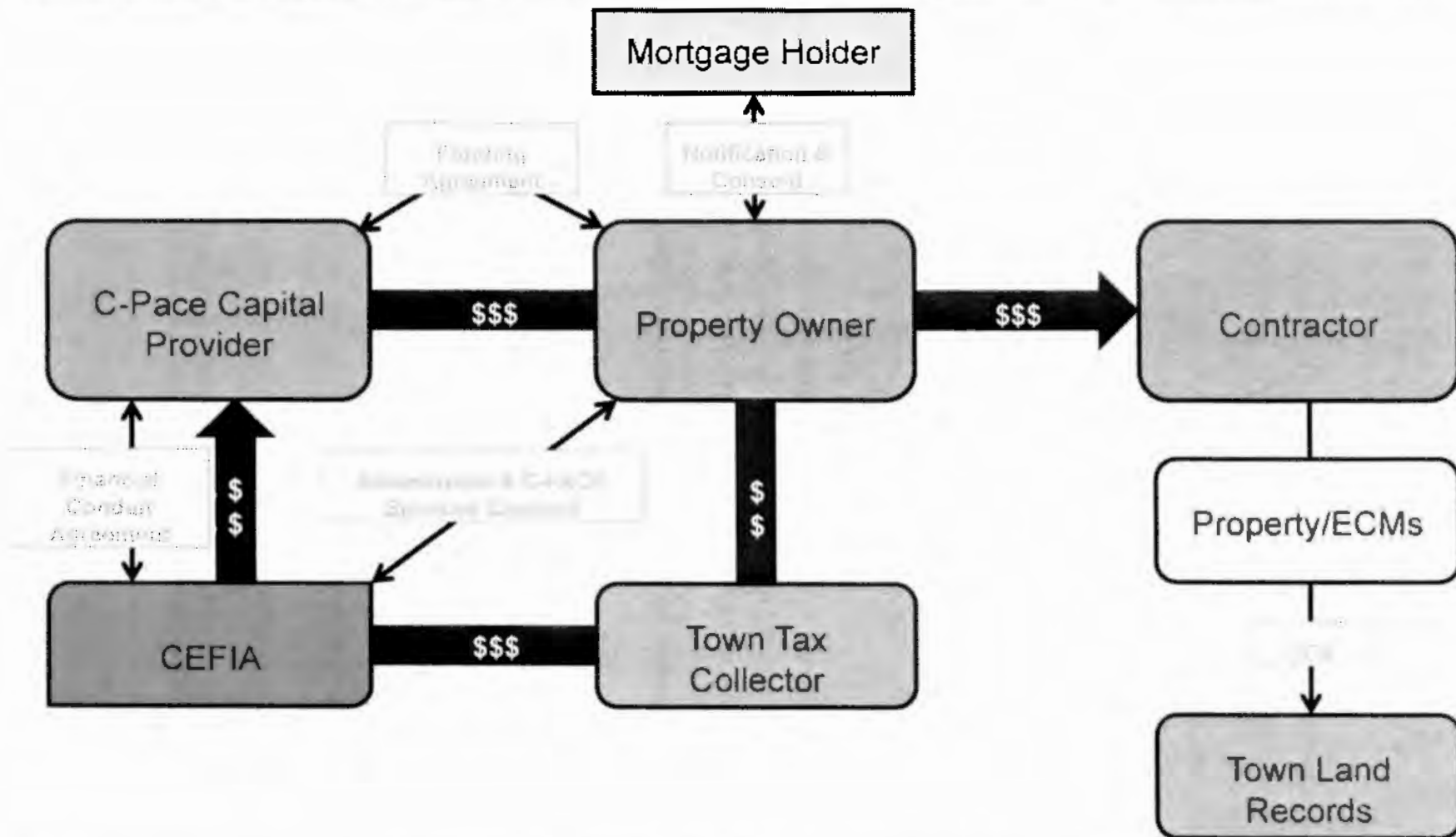
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Funding: Capital Flow Process



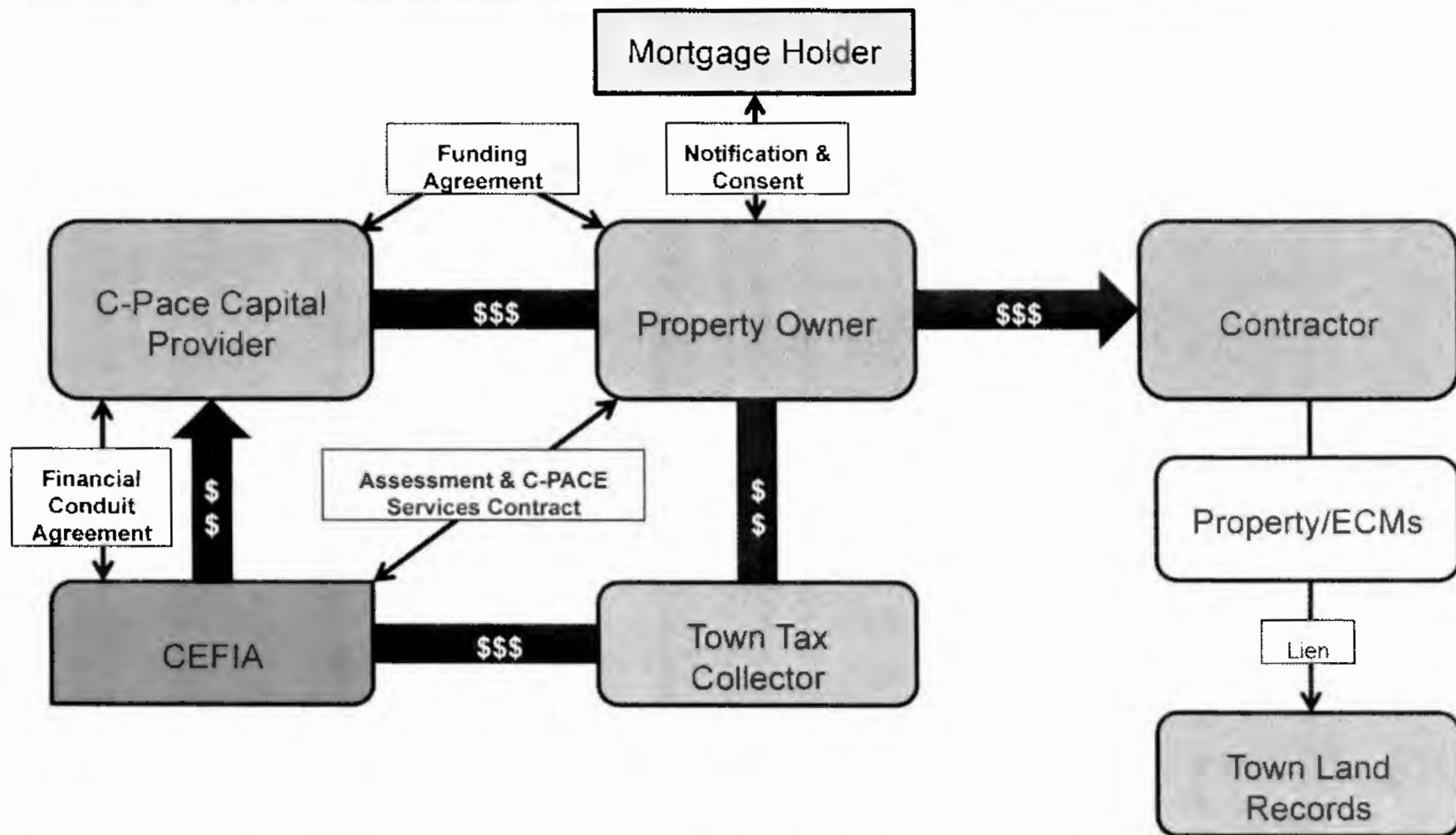
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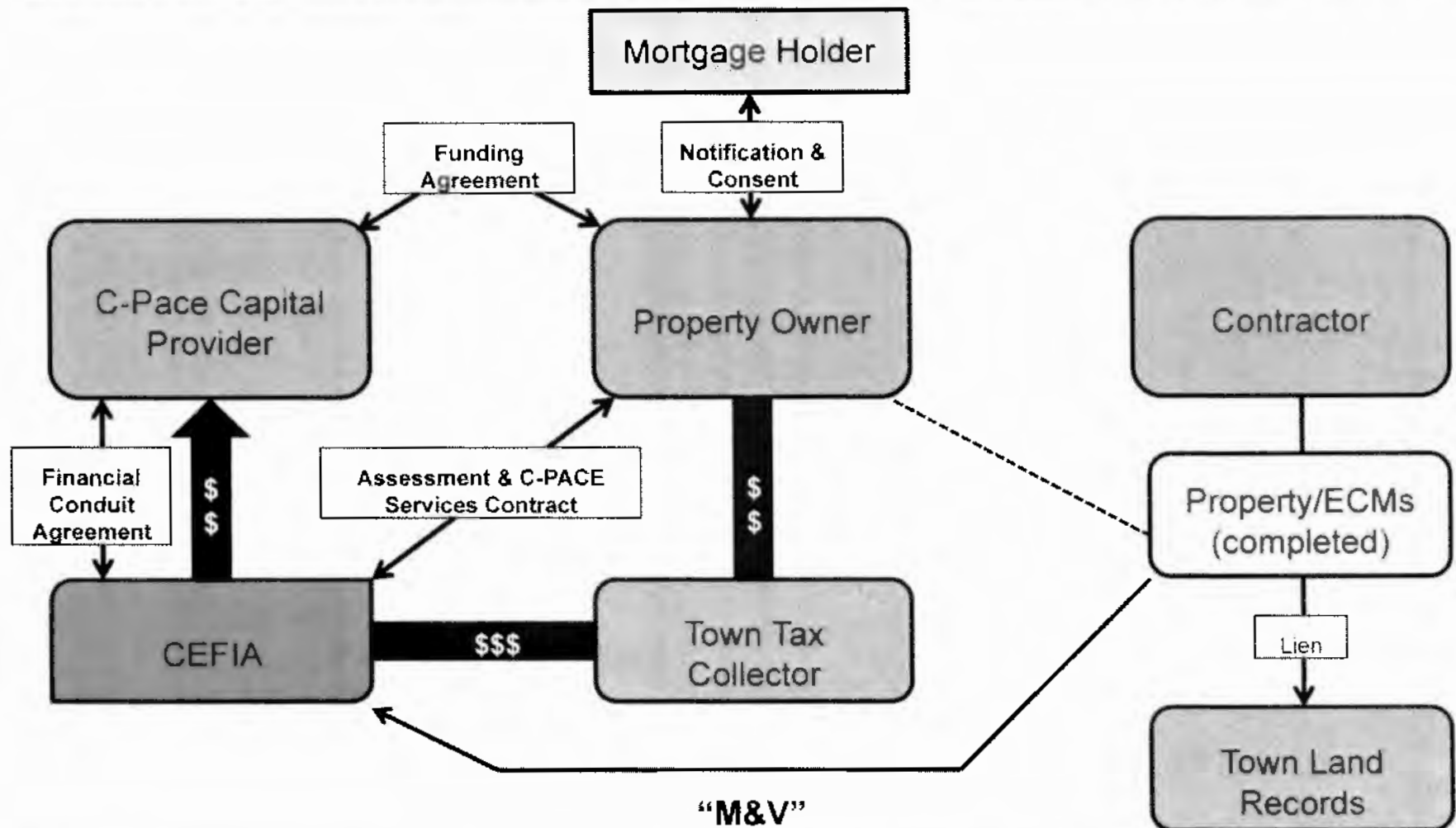
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Funding: Capital Flow Process



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• WHO IS CEFA?

• WHAT IS C-PACE?

• CEFA'S ROLE IN C-PACE

• **The C-PACE Advantage**

The CUSTOMER (building owner): PACE addresses key barriers



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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

PACE assessments qualify as OPEX

Positive cash flow in year 1

Assessment/savings pass to tenants

Technical underwriting / SIR>1

Benefits to Other Key Stakeholders



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Capital Providers

- Low risk investment opportunity
 - Senior lien
 - Secure repayment mechanism (taxes)
- Legal and technical structure administered by CEFIA

Mortgage Lenders

- Improves Building Financials/Risk
 - Lowers OPEX
 - **SIR>1**
 - No acceleration
- Creates a more attractive building for occupants and owners
- Finances deferred maintenance needs

Municipalities

- Creates economic development & jobs
- Reduces energy costs for businesses
- Reduces pollution



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