

THE STATE OF NEW HAMPSHIRE

CHAIRMAN
Thomas B. Getz

COMMISSIONERS
Clifton C. Below
Amy L. Ignatius

EXECUTIVE DIRECTOR
AND SECRETARY
Debra A. Howland



PUBLIC UTILITIES COMMISSION
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G & C Date 12/8/10
Item Number #169
Approved ✓

November 24, 2010

Rq# 116067
WO# 991288
PO# 1012907

His Excellency, Governor John H. Lynch
and the Honorable Council
State House
Concord, NH 03301

REQUESTED ACTION

1. Authorize the New Hampshire Public Utilities Commission to award grant funds in the amount of \$2,000,000.00 to the New Hampshire Business Finance Authority, Vendor #170393, to expand and administer loans to New Hampshire businesses to increase energy efficiency, from Governor and Council approval through June 30, 2013. Funding is 100% Greenhouse Gas Emissions Reduction Fund (GHGERF), a nonlapsing special fund continually appropriated to the commission pursuant to RSA 125-O:23, I.
2. Further authorize the New Hampshire Public Utilities Commission (PUC) to make an advance payment of \$746,000.00, approximately 37.3% of the total grant award, upon Governor and Council approval.

Funding is authorized from the account, Grants to Institutions - State, as follows with the authority to adjust encumbrances in each of the State fiscal years through the Budget Office if needed and justified:

02-81-81-811010-54530000 Greenhouse Gas 125-O:23	FY 2011	FY2012	FY 2013
010-081-54530000-073-500579 Grants to Institutions - State	\$1,057,000.00	\$660,000.00	\$283,000.00

EXPLANATION

Pursuant to RSA 125-O:23, the PUC is charged with administering the Greenhouse Gas Emissions Reduction Fund (GHGERF), the purpose of which is to reduce greenhouse gas emissions resulting from energy use in New Hampshire. On May 5, 2009, the PUC issued the second of a series of Requests for Proposals (RFP) for programs to be funded by GHGERF grants.

The RFP specified three program areas:

- I) continued funding for entities that received a 2009 GHGERF grant, applied for multi-year program budgets in their 2009 proposal, and had success in implementing their proposal;

- II) new programs that will establish a portfolio of energy efficiency projects at large energy user sites to produce significant energy savings and greenhouse gas reductions; and
- III) new programs that will improve energy efficiency and reduce greenhouse gas emissions in the affordable housing sector.

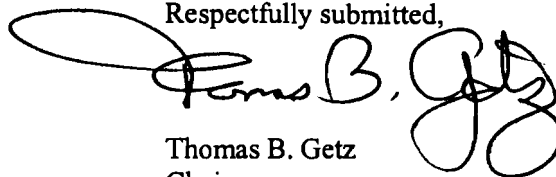
The PUC received 29 proposals in response to this RFP, requesting over \$78 million in grant funds. The New Hampshire Business Finance Authority (NH BFA) proposal and five others have been selected to receive a total of \$13.4 million in this funding round. The NH BFA proposal is in Category I, Program Continuation. Attachment A provides additional information on the grant review and selection process.

With these funds, the NH BFA will expand the Business Energy Conservation Revolving Loan Fund, established through a \$2,000,000 GHGERF grant in 2009. This fund has committed \$1,960,000 to New Hampshire businesses to make energy efficiency improvements, (thereby lowering energy expenses and improving competitiveness) that would not have been funded through other lending institutions. The program has two lending models: a low or no interest loan program for nonprofit businesses and a lower interest program for for-profits with the interest rate structured to reflect the payback for the improvements. Loan repayment has begun and funds will be redistributed and used to help additional businesses finance their energy improvements with the goal of making the program self-sustaining. On-going activities include program marketing, solicitation of individual loan applications, loan underwriting and structuring, loan closing and monitoring, and loan servicing. The NH BFA provides staff at its own cost, and will be reimbursed through interest charged on the loans.

The NH BFA Revolving Loan program was the top ranked proposal in the Program Continuation category, and received high marks from the grant review committee across many of the eighteen evaluation criteria. The program is highly cost effective, as evidenced by a benefit/cost ratio of 2.05; every grant dollar expended will create \$2.05 in benefits (energy savings and emissions reductions). The fund will promote economic development by enabling businesses – in some cases large ones with hundreds of employees – to lower costs and increase profitability. New funds will generate significant energy savings and emissions reductions (over 48,000 metric tons), and will also promote market transformation for energy efficient technologies. The loan program will also promote collaboration: the Community Development Finance Authority and the Department of Resources and Economic Development will help the NH BFA identify prospective loan applicants.

The grant is contingent on sufficient GHGERF funds being available within 12 months of the effective date of the grant agreement. In the event that GHGERF funds are insufficient or are no longer available, General Funds will not be requested to support this program.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Thomas B. Getz", is written over a large, stylized, circular flourish.

Thomas B. Getz
Chairman

ATTACHMENT A - GRANT REVIEW PROCESS

The PUC issued a Request for Proposals (RFP) on May 5, 2010 for the second round of Greenhouse Gas Emissions Reduction Fund programs. The RFP was developed in consultation with the state's Energy Efficiency and Sustainable Energy Board, created by the legislature in 2008 "to promote and coordinate energy efficiency, demand response, and sustainable energy programs in the state" and its specific statutory charge to "[p]rovide recommendations at least annually to the public utilities commission on the administration and allocation of energy efficiency and renewable energy funds under the commission's jurisdiction." RSA 125-O:5-a, I.

The May 5, 2010 RFP requested proposals in three categories:

- Category I was for continuation of programs by entities that applied for multi-year programs in response to the 2009 RFP; received a grant for initial or first year funding from the GHGERF fund in 2009; and, demonstrated successful implementation of the first stage of their proposal.
- Category II requested proposals for programs that will establish a portfolio of energy efficiency projects at large energy user sites to produce significant energy savings and greenhouse gas (GHG) reductions.
- Category III requested proposals for programs that will significantly improve energy efficiency and reduce GHG emissions in low-income residential housing.

The RFP was circulated electronically to a list of more than 950 individuals and organizations known to have an interest in energy policy and programs, as well as to members of the Energy Efficiency and Sustainable Energy Board (EESB Board) and over 100 interested parties. The RFP was also posted on the PUC and Office of Energy and Planning websites. Twenty-nine proposals requesting a total of \$78 million in funds were received in response to the RFP.

The PUC employed a two-tier grant review process to evaluate the proposals. The initial review team consisted of four members including Rebecca Ohler (Air Resources Division, DES), Joanne Morin and Eric Steltzer (Office of Energy and Planning), and Jack Ruderman and Barbara Bernstein (Sustainable Energy Division, PUC). The second tier review team consisted of the three-member Commission, Chairman Thomas Getz and Commissioners Clifton Below and Amy Ignatius.

The review team evaluated all proposals using the 14 criteria set forth in RSA 125-O: 23, VII and NH Code of Administrative Rules Puc 2604.03 and 4 general conditions set forth in the RFP (e.g., completeness and clarity of proposal content). Following an initial round of screening, the team interviewed ten applicants. The team scored all proposals using a range of 1 to 10 points for each of the 18 criteria and general conditions, and provided written comments highlighting the pros and cons of each proposal. The evaluations also provided a recommendation to the Commission as to whether each program should receive funding.

The initial review team met with the Commissioners to brief them on the committee's recommendations. The Commissioners were provided with copies of the written evaluation forms and had an opportunity to ask questions of members of the initial review team. Subsequently, the Commissioners met on


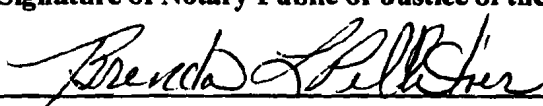
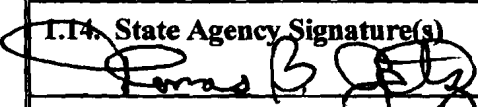


several occasions to deliberate on the review team's recommendations and their own assessment of the proposals.

The overall funding level – \$13.4 million – was determined based on the balance currently available in the Greenhouse Gas Emissions Reduction Fund plus a reasonable estimate of likely RGGI auction proceeds through early December, 2011. (RSA 125-O:23, VIII provides that the “commission may enter into agreements for the implementation of programs under this section that are contingent, in whole or in part, on future proceeds from budget allowance auctions held within 12 months of the date such agreements become effective.”) Within this budget, the Commission selected six winning proposals among the three categories and established funding levels for each of them. In Category I (program continuation), three entities, the Business Finance Authority, the Retail Merchants Association, and the New Hampshire Department of Resources and Economic Development, were selected for funding totaling \$4,400,000. A single entity, TRC Energy Services, was selected for Category II (energy efficient projects at large energy user sites) for a grant amount of \$5,000,000. Finally, two entities, the New Hampshire Housing Finance Authority and the New Hampshire Community Loan Fund, Inc., were selected for Category III (programs for low-income residential housing) for funding totaling \$4,000,000.

The State of New Hampshire and the Grantee hereby mutually agree as follows:

GENERAL PROVISIONS

1. Identification and Definitions.

1.1. State Agency Name New Hampshire Public Utilities Commission		1.2. State Agency Address 21 South Fruit Street, Suite 10, Concord, NH 03301	
1.3. Grantee Name New Hampshire Business Finance Authority		1.4. Grantee Address 2 Pillsbury Street, Suite 201, Concord, NH 03301	
1.5. Effective Date G&C Approval	1.6. Completion Date June 30, 2013	1.7. Audit Date	1.8. Grant Limitation \$2,000,000
1.9. Grant Officer for State Agency Jack Ruderman		1.10. State Agency Telephone No. (603)271-2431	
1.11. Grantee Signature 		1.12. Name & Title of Grantee Signor Jack Donovan, Executive Director	
1.13. Acknowledgment: State of <i>New Hampshire</i> , County of <i>Merrimack</i> , on <i>11/05/10</i> / /, Before the undersigned officer, personally appeared the person identified in block 1.11., known to me (or satisfactorily proven) to be the person whose name is signed in block 1.12., and acknowledged that <u>he</u> executed this document in the capacity indicated in block 1.12.			
1.13.1 Signature of Notary Public or Justice of the Peace (Seal) 			
1.13.2. Name and Title of Notary Public or Justice of the Peace BRENDA L. PELLETIER, Notary Public My Commission Expires November 28, 2012			
1.14. State Agency Signature(s) 		1.15. Name & Title of State Agency Signor(s) Thomas B. Getz, Chairman NHPUC	
1.16. Approval by Attorney General (Form, Substance and Execution) By:  Sr. Assistant Attorney General, On: <i>10/2/10</i>			
1.17. Approval by the Governor and Council  DEPUTY SECRETARY OF STATE On: DEC 08 2010			

2. **SCOPE OF WORK:** In exchange for grant funds provided by the State of New Hampshire, acting through the agency identified in block 1.1 (hereinafter referred to as "the State"), the Grantee identified in block 1.3 (hereinafter referred to as "the Grantee"), shall perform that work identified and more particularly described in the scope of work attached hereto as EXHIBIT A (the scope of work being hereinafter referred to as "the Project"). Except as otherwise specifically provided for herein, the Grantee shall perform the Project in the State of New Hampshire.

3. EFFECTIVE DATE: COMPLETION OF PROJECT

- 3.1. This Agreement, and all obligations of the parties hereunder, shall become effective on the date in block 1.5 or on the date of approval of this Agreement by the Governor and Council of the State of New Hampshire whichever is later (hereinafter referred to as "the effective date").
- 3.2. Except as otherwise specifically provided for herein, the Project, including all reports required by this Agreement, shall be completed in its entirety prior to the date in block 1.6 (hereinafter referred to as "the Completion Date").
- 4. GRANT AMOUNT: MANNER OF PAYMENT: LIMITATIONS.**
- 4.1. The Grant Amount is identified and more particularly described in EXHIBIT B, attached hereto.
- 4.2. The manner of, and schedule of payment shall be as set forth in EXHIBIT B.
- 4.3. In accordance with the provisions set forth in EXHIBIT B, and in consideration of the satisfactory performance of the Project, as determined by the State, and as limited by subparagraph 4.5 of these general provisions, the State shall pay the Grantee the Grant Amount. The State shall withhold from the amount otherwise payable to the Grantee those sums required, or permitted, to be withheld pursuant to N.H. RSA 80:7 through 7-c.
- 4.4. The payment by the State of the Grant amount shall be the only, and the complete payment to the Grantee for all expenses, of whatever nature, incurred by the Grantee in the performance hereof, and shall be the only, and the complete, compensation to the Grantee for the Project. The State shall have no liabilities to the Grantee other than the Grant Amount.
- 4.5. Notwithstanding anything in this Agreement to the contrary, and notwithstanding unexpected circumstances, in no event shall the total of all payments authorized, or actually made, hereunder exceed the Grant limitation set forth in block 1.8 of these general provisions.
- 5. SPECIAL CONDITIONS.** Modifications to these General Conditions and any additional grant conditions shall be set forth in Exhibit C attached hereto.
- 6. COMPLIANCE BY GRANTEE WITH LAWS AND REGULATIONS.** In connection with the performance of the Project, the Grantee shall comply with all applicable statutes, regulations, and orders of federal, state, county, or municipal authorities that impose any legal obligations or duty upon the Grantee, including the acquisition of any and all necessary permits.
- 7. RECORDS AND ACCOUNTS.**
- 7.1. Between the Effective Date and the date seven (7) years after the Completion Date the Grantee shall keep detailed accounts of all expenses incurred in connection with the Project, including, but not limited to, costs of administration, transportation, insurance, telephone calls, and clerical materials and services. Such accounts shall be supported by receipts, invoices, bills and other similar documents.
- 7.2. Between the Effective Date and the date seven (7) years after the Completion Date, at any time during the Grantee's normal business hours, and as often as the State shall demand, the Grantee shall make available to the State all records pertaining to matters covered by this Agreement. The Grantee shall permit the State to audit, examine, and reproduce such records, and to make audits of all contracts, invoices, materials, payrolls, records of personnel, data (as that term is hereinafter defined), and other information relating to all matters covered by this Agreement. As used in this paragraph, "Grantee" includes all persons, natural or fictional, affiliated with, controlled by, or under common ownership with, the entity identified as the Grantee in block 1.3 of these general provisions.
- 8. PERSONNEL.**
- 8.1. The Grantee shall, at its own expense, contract for or provide all personnel necessary to perform the Project. The Grantee warrants that all personnel engaged in the Project shall be qualified to perform such Project, and shall be properly licensed and authorized to perform such Project under all applicable laws.
- 8.2. The Grantee shall not hire, and it shall not permit any subcontractor, subgrantee, or other person, firm or corporation with whom it is engaged in a combined effort to perform the Project, to hire any person who is a State officer or employee, elected or appointed.
- 8.3. The Grant Officer shall be the representative of the State hereunder. In the event of any dispute hereunder, the interpretation of this Agreement by the Grant Officer, and his/her decision on any dispute, shall be final.
- 9. DATA: RETENTION OF DATA: ACCESS.**
- 9.1. As used in this Agreement, the word "data" shall mean all information and things developed or obtained during the performance of, or acquired or developed by reason of, this Agreement, including, but not limited to, all studies, reports, files, formulae, surveys, maps, charts, sound recordings, video recordings, pictorial reproductions, drawings, analyses, graphic representations, computer programs or data, computer printouts, notes, letters, memoranda, papers, and documents, all whether finished or unfinished.
- Between the Effective Date and the Completion Date the Grantee shall grant to the State, or any person designated by the State, the right to examine, inspect, review, examine, duplication, purpose whatsoever.

- 9.3. No data shall be subject to copyright in the United States or any other country by anyone other than the State, unless otherwise specified in Exhibit C.
- 10. CONDITIONAL NATURE OF AGREEMENT.** Notwithstanding anything in this Agreement to the contrary, all obligations of the State hereunder, including, without limitation, the continuance of payments hereunder, are contingent upon the availability or continued appropriation of funds, and in no event shall the State be liable for any payments hereunder in excess of such available or appropriated funds. In the event of a reduction or termination of those funds, the State shall have the right to withhold payment until such funds become available, if ever, and shall have the right to terminate this Agreement immediately upon giving the Grantee notice of such termination.
- 11. EVENT OF DEFAULT: REMEDIES.**
- 11.1. Any one or more of the following acts or omissions of the Grantee shall constitute an event of default hereunder (hereinafter referred to as "Events of Default"):
- 11.1.1. failure to perform the Project satisfactorily or on schedule; or
- 11.1.2. failure to submit any report required hereunder; or
- 11.1.3. failure to maintain, or permit access to, the records required hereunder; or
- 11.1.4. failure to perform any of the other covenants and conditions of this Agreement.
- 11.2. Upon the occurrence of any Event of Default, the State may take any one, or more, or all, of the following actions:
- 11.2.1. give the Grantee a written notice specifying the Event of Default and requiring it to be remedied within, in the absence of a greater or lesser specification of time, thirty (30) days from the date of the notice, and if the Event of Default is not timely remedied, terminate this Agreement, effective two (2) days after giving the Grantee notice of termination; and
- 11.2.2. give the Grantee a written notice specifying the Event of Default and suspending all payments to be made under this Agreement and ordering that the portion of the Grant Amount which would otherwise accrue to the grantee during the period from the date of such notice until such time as the State determines that the Grantee has cured the Event of Default shall never be paid to the Grantee; and
- 11.2.3. set off against any other obligation the State may owe to the Grantee any damages the State suffers by reason of any Event of Default; and
- 11.2.4. treat the agreement as breached and pursue any of its remedies at law or in equity, or both.
- 12. TERMINATION.**
- 12.1. In the event of any early termination of this Agreement for any reason other than the completion of the Project, the Grantee shall deliver to the Grant Officer, not later than fifteen (15) days after the date of termination, a report (hereinafter referred to as the "Termination Report") describing in detail all Project Work performed, and the Grant Amount earned, to and including the date of termination.
- 12.2. In the event of Termination under paragraphs 10 or 12.4 of these general provisions, the approval of such a termination Report by the State shall entitle the Grantee to receive that portion of the Grant amount earned to and including the date of termination.
- 12.3. In the event of Termination under paragraphs 10 or 12.4 of these general provisions, the approval of such a Termination Report by the State shall in no event relieve the Grantee from any and all liability for damages sustained or incurred by the State as a result of the Grantee's breach of its obligations hereunder.
- 12.4. Notwithstanding anything in this Agreement to the contrary, either the State or, except where notice default has been given to the Grantee hereunder, the Grantee, may terminate this Agreement without cause upon thirty (30) days written notice.
- 13. CONFLICT OF INTEREST.** No representative, officer, member or employee of the Grantee, and no representative, officer or employee of the State of New Hampshire or of the governing body of the locality or localities in which the Project is to be performed, who exercises any functions or responsibilities in the review or approval of the undertaking or carrying out of such Project, shall participate in any decision relating to this Agreement which affects his or her personal interest or the interest of any corporation, partnership, or association in which he or she is directly or indirectly interested, nor shall he or she have any personal or pecuniary interest, direct or indirect, in this Agreement or the proceeds thereof.
- 14. GRANTEE'S RELATION TO THE STATE.** In the performance of this Agreement the Grantee, its employees, and any contractor, subcontractor or subgrantee of the Grantee are in all respects independent contractors, and are neither agents nor employees of the State. Neither the Grantee nor any of its representatives, officers, employees, agents, members, subcontractors or subgrantees, shall have authority to bind the State nor are they entitled to any of the benefits, worker's compensation or emoluments provided by the State to its employees.
- 15. ASSIGNMENT AND SUBCONTRACTS.** The Grantee shall not assign, or otherwise transfer any interest in this Agreement without the prior written consent of the State.
- 5. INDEMNIFICATION.** The Grantee shall defend, indemnify and hold harmless the State, its officers and employees, from and against any and all losses

suffered by the State, its officers and employees, and any and all claims, liabilities or penalties asserted against the State, its officers and employees, by or on behalf of any person, on account of, based on, resulting from, arising out of (or which may be claimed to arise out of) the acts or omissions of the Grantee or its contractors, subcontractor, or subgrantee or other agent of the Grantee in the performance of the Project. Notwithstanding the foregoing, nothing herein contained shall be deemed to constitute a waiver of the sovereign immunity of the State, which immunity is hereby reserved to the State. This covenant shall survive the termination of this agreement.

17. **INSURANCE AND BOND.**

- 17.1. The Grantee shall, at its sole expense, obtain and maintain in force, or shall require any subcontractor, subgrantee or assignee performing Project work to obtain and maintain in force, both for the benefit of the State, the following insurance:
- 17.1.1 statutory worker's compensation and employees liability insurance for all employees engaged in the performance of the Project, and
- 17.1.2 comprehensive general liability insurance for all claims of bodily injuries, death or property damage, in amounts not less than \$2,000,000 for bodily injury or death any one incident, and \$500,000 for property damage in any one incident; and

- 17.2 The policies described in subparagraph 17.1 of this paragraph shall be the standard form employed in the State of New Hampshire, issued by underwriters acceptable to the State, and authorized to do business in the State of New Hampshire. Each policy shall contain a clause prohibiting cancellation or modification of the policy earlier than ten (10) days after written notice thereof has been received by the State. A certificate of insurance demonstrating compliance with subparagraphs 17.1 and 17.2 shall be attached to this Grant Agreement.
18. **WAIVER OF BREACH.** No failure by the State to enforce any provisions hereof after any Event of Default shall be deemed a waiver of its rights with regard to that Event, or any subsequent Event. No express waiver of any Event of Default shall be deemed a waiver of any provisions hereof. No such failure or waiver shall be deemed a waiver of the right of the State to enforce each and all of the provisions hereof upon any further or other default on the part of the Grantee.
19. **NOTICE.** Any notice by a party hereto to the other party shall be deemed to have been duly delivered or given at the time of mailing by certified mail, postage prepaid, in a United States Post Office addressed to the parties at the addresses first above given.
20. **AMENDMENT.** This Agreement may be amended, waived or discharged only by an instrument in writing signed by the parties hereto and only after approval of such amendment, waiver or discharge by the Governor and Council of the State of New Hampshire.
21. **CONSTRUCTION OF AGREEMENT AND TERMS.** This Agreement shall be construed in accordance with the law of the State of New Hampshire, and is binding upon and inures to the benefit of the parties and their respective successors and assignees. The captions and contents of the "subject" blank are used only as a matter of convenience, and are not to be considered a part of this Agreement or to be used in determining the intent of the parties hereto.
22. **THIRD PARTIES.** The parties hereto do not intend to benefit any third parties and this Agreement shall not be construed to confer any such benefit.
23. **ENTIRE AGREEMENT.** This Agreement, which may be executed in a number of counterparts, each of which shall be deemed an original, constitutes the entire agreement and understanding between the parties, and supersedes all prior agreements and understandings relating hereto.

EXHIBIT A

SCOPE OF SERVICES

In exchange for receiving grant funds in the amount of \$2,000,000 from the New Hampshire Public Utilities Commission (PUC), the New Hampshire Business Finance Authority (NH BFA or Grantee) agrees to expand and administer a revolving loan fund to provide low or no interest loans to New Hampshire businesses that wish to increase their energy efficiency. Except as otherwise provided in this contract, the requirements set forth in the NH Public Utilities Commission Request for Proposal dated May 5, 2010 and Grantee's Proposal dated June 1, 2010, as well as the revised budget, submitted October 8, 2010 are incorporated herein by reference as further defining the services to be rendered. Specifically, NH BFA agrees to accomplish the following, and to undertake any additional measures necessary to achieve the program goals set forth in its proposal:

1. Revise existing loan documentation to include requirement for time reporting, and expenses of labor, material and capital expenditures required for all contractors, and subcontractors employed on energy efficiency projects funded through the loan fund.
2. Continue program marketing including, but not limited to, working in close coordination with Local Development Organizations and the Business Resource Center's business recruiters to identify current prospects.
3. Review each loan application that begins with an energy audit identifying cost-effective energy improvements and includes the company's financial information, both used to structure the loan package.
4. Prioritize loan applications from businesses that are not currently eligible for existing utility efficiency programs.
5. Close each approved loan by completing legal documents, recording various documents, and securing collateral. Available security will be accepted as sufficient collateral coverage.
6. Perform tasks listed in each Loan Agreement such as approving invoices, acquiring contractor releases and verifying the completion of the work, as well as collecting energy usage and employment information that will be compared with energy savings projections in the initial energy audit to verify the effectiveness of the program.
7. Provide continued monitoring and accounting of the Revolving Loan Fund (RLF.)
8. Utilize existing loan underwriting and management capabilities to minimize administrative costs, allowing expenses to be recouped with loan interest to ensure that 100% of Greenhouse Gas Emissions Reduction Fund (GHGERF) funds received will provide business energy efficiency loans.
9. Monitor collection of loan payments to ensure that RLF is replenished and the loan principle repayment can revolve.
10. Continue to seek matching funds from multiple sources with the anticipation that each dollar of GHGERF will leverage another dollar for improvements.

Grantee Initials

Date 11/5/10

G&C 12/08/10

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EXHIBIT B

GRANT AMOUNT, TERMS AND METHODS OF PAYMENT

1. This is a two phase grant award. Phase One commences upon approval of this grant agreement by Governor and Council and concludes on December 31, 2011. Phase Two begins January 1, 2012 and ends June 30, 2013.
2. In consideration of the satisfactory performance of the Phase One services described in Exhibit A as determined by the State, the State agrees to pay the New Hampshire Business Finance Authority (NH BFA or Grantee) an amount not to exceed \$1,325,000 for Phase One of this \$2,000,000 grant award.
3. Upon approval of this grant award by Governor and Council, Grantee will invoice the New Hampshire Public Utilities Commission (PUC) in the amount of \$746,000. Thereafter, Grantee will invoice the PUC on a quarterly basis, upon approval of the quarterly report. The first quarterly report will cover the period from the date of Governor & Council approval through March 31, 2011; the quarterly report is due April 30, 2011. All other quarterly reports will cover calendar year quarters.
4. Invoices will be reviewed and measured against the scope of services and approved by the Director of the Sustainable Energy Division or his designee upon approval of the quarterly report. Quarterly reports must be submitted at the same time or before the invoice is submitted. Otherwise the invoice will be held until the report and invoice backup are received. Invoices shall be supported by a summary of activities and a detailed listing and documentation of expenses incurred.
5. Funding for Phase Two is contingent upon approval of the PUC after reviewing the results of Phase One. The PUC reserves the right to withhold funding, in whole or in part, for Phase Two if, at the conclusion of Phase One, the PUC determines that the Grantee has failed to successfully perform the Phase One services described in Exhibit A.
6. In consideration of the satisfactory performance of the Phase Two services described in Exhibit A, as determined by the State, the State agrees to pay the Grantee an amount not to exceed \$675,000.
7. Five (5) percent of the total Phase Two grant funds or \$33,750 will be held back until completion of the project. Payment of this final 5 percent will be made after Grantee provides a final grant report, no later than 30 days from completion of the project, or from the end date of this grant agreement, June 30, 2013, whichever comes first.
8. Grantee will provide information to the University of New Hampshire, Carbon Solutions New England (CSNE) and the NH PUC through a process involving electronic documents and web-based applications ("the Reporting System"). Expense transactions, including but not limited to, receipts, purchase orders and sales invoices will be the basis for invoices generated to the NH PUC using the Reporting System. Grantee agrees to use the Reporting System provided by CSNE and the NH PUC and Grantee also agrees to accept and use system changes to the Reporting System during the grant term. Invoices, reports and supporting documentation will be submitted using the on-line invoicing and reporting system developed by CSNE.
9. Grantee will make best efforts to document expense transactions with appropriate back up including receipts for all project partners, contractors and subcontractors. This includes expenses incurred by companies employed on construction projects funded through the grant. At a minimum, receipts must be

Grantee Initials *JM*
Date *11/5/10*
G&C 12/08/10
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provided documenting labor cost, labor overhead, material cost, material overhead, and capital expenditures for all partners, contractors and subcontractors. Expense transactions for the grantee will need to be provided and matched to expense categories listed in the grantee's proposal.

10. Grantee agrees to provide economic data for activity performed during the project and after completion of the project including time records for all employees, contractors and subcontractors who directly work on the project as a result of this contract. This includes workers employed on construction projects funded through the grant.
11. Grantee, through the Reporting System, will report quarterly on the status of projects including:
 - a. Notice of loan applications and marketing sources, loan approvals, loan rejections and loan acceptances as status changes occur; and,
 - b. Payment status of all outstanding loans and the financial status of the revolving loan fund.
12. Grantee will utilize the Reporting System for every audit and provide at the beginning of each project:
 - a. Summary information including, at a minimum, project contact, project location and a project description including, but not limited to, project timeline, project scope (measures to be installed) and budget;
 - b. Building type, square footage, and year of construction;
 - c. A basic description of the business/organization including (at minimum) the number of employees (students if a school), and 6 digit NAICS code (if applicable);
 - d. A minimum of two years and preferably three years of pre-project energy usage in an Excel format and a signed data release form authorizing CSNE access to three years pre-project energy usage and three years of post-project of energy use. If two years of energy usage data is not available, Grantee must request an exception from the PUC. Energy usage data is to include at a minimum, account number, energy provider, energy type, energy units, fill or read dates, and cost. Electric accounts will also include kW demand (if applicable). If the facility has a competitive supplier, data on energy usage and cost, and a signed data release form will also be required;
 - e. If the facility has energy use that varies significantly due to measurable change in activity (such as material produced at a manufacturing facility), the project facility will be required to provide a monthly production/activity factor data for the same period as energy usage. (If the project facility does not wish to provide actual unit output, it can provide an indexed value of production relative to the first measurement month).
 - f. Utilizing the Reporting System, the grantee will notify the NH PUC and CSNE upon completion of each audit; and,
 - g. Electronic copies of audits performed will be submitted upon completion.
13. Grantee will, for each funded project, utilize the Reporting System to provide quarterly updates on the progress of all projects.
14. Grantee will notify the NH PUC and CSNE when the construction phase of each project is complete and provide a complete list of all energy savings measures undertaken and associated.
15. Grantee will modify in its contracts to state that the NH Public Utilities Commission requires the reporting information in Exhibit B. Grantee will coordinate with the NH Public Utilities Commission and CSNE on the language in its contract in relation to reporting requirements. Grantee will undertake a best effort to collect the information from the loan recipient. If the loan recipient does not comply with the reporting requirements and the grantee has put in a good faith effort to collect this information, grantee

Grantee Initials *JK*
Date *11/5/10*
G&C 12/08/10
Page 2 of 4

will notify CSNE and the PUC that it has been unable to collect the information from the loan recipient, and provide details of the information collection attempts.

16. If CSNE, is unable to obtain energy usage data from any energy provider, after the project is completed the Grantee is responsible for providing energy usage for missing periods of time to CSNE in an Excel spreadsheet for that energy provider upon request.
17. These funds are granted for use as lending capital for a revolving loan fund for energy efficiency measures. Upon repayment of loans to the Grantee, if the funds are no longer to be used for additional loans for the same purposes as originally approved or authorized by an amendment to the grant agreement, such funds will be repaid to the Public Utilities Commission, along with any related interest paid to such loan fund subsequent to said loan funds being repaid to the PUC.
18. The State agrees to make payment to the Grantee within 30 days from the receipt of approved invoices.
19. All obligations of the State, including the continuance of any payments, are contingent on the availability of funds derived from the Greenhouse Gas Emissions Reduction Fund pursuant to RSA 125-O:23.

Grantee Initials *JL*
Date *11/5/10*
G&C 12/08/10
Page 3 of 4

DELIVERABLES

1. The Grantee agrees to prepare and submit quarterly reports to the PUC, in a form and manner prescribed by the PUC. The first quarter report will cover activities in December 2010 through March 2011, with the report due April 30, 2011. All reports thereafter will be due one month after the end of the quarter continuing throughout the life of the grant. Reports shall include a detailed summary of all work completed in comparison to the scope of services, including an account of milestones achieved, and a description of any obstacles encountered as well as any planned milestones that were not achieved. Any activities or benefits that occurred as a result of the grant not included in the scope of services should also be noted. In order to receive approval to proceed with Phase Two, Grantee will provide the PUC with a summary of Phase One activities. Within thirty (30) days of the conclusion of the grant award, in lieu of a quarterly report, Grantee shall submit a final report providing a detailed summary of the results of the grant project, obstacles encountered and any work from the Scope of Service that was not completed.
2. The Grantee agrees to carefully collect all data requirements of the project listed in Exhibit A & B and provide to CSNE and the NH Public Utilities Commission using the Reporting System described in Exhibit B. Required data for all projects and the grant must be complete at the time of invoicing and quarterly reporting.

Grantee Initials

gh
Date *12/15/10*

G&C 12/08/10

Page 4 of 4

EXHIBIT C
SPECIAL PROVISIONS

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EL
1/5/10

State of New Hampshire
Department of State

I, William M. Gardner, Secretary of State of the State of New Hampshire, do hereby certify that BUSINESS FINANCE AUTHORITY (formerly THE INDUSTRIAL PARK AUTHORITY, formerly THE INDUSTRIAL DEVELOPMENT AUTHORITY) is a New Hampshire corporation, formed by the laws of 1955 effective July 14, 1955. I further certify that articles of dissolution have not been filed.



In TESTIMONY WHEREOF, I hereto set my hand and cause to be affixed the Seal of the State of New Hampshire, this 29th day of October, A.D. 2010

A handwritten signature in cursive script, appearing to read "William M. Gardner".

William M. Gardner
Secretary of State

Business Finance Authority of the State of New Hampshire
2 Pillsbury Street, Suite 201, Concord, NH 03301

Corporate Resolution Authorization to Execute Contract

The Board of Directors of the Business Finance Authority of the State of New Hampshire authorize and direct Jack Donovan, Executive Director, to enter into contract with the New Hampshire Public Utilities Commission for the Business Energy Conservation Loan Program. The Board further authorizes and directs Jack Donovan, Executive Director, to take such action as necessary in conjunction with the performance of said contract. Authorization was granted through an action of the Board of Directors on November 1, 2009.



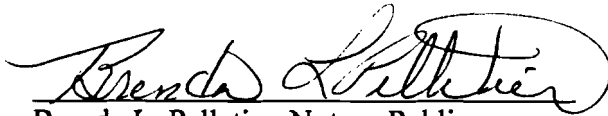
Jack Donovan, Clerk

Date: November 1, 2010

STATE OF NEW HAMPSHIRE

COUNTY OF MERRIMACK, SS.

This instrument was acknowledged before me on November 1, 2010, by Jack Donovan, Executive Director, on behalf of the Business Finance Authority of the State of New Hampshire.



Brenda L. Pelletier, Notary Public

My Commission Expires: November 28, 2012



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
11/2/2010

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER E & S Insurance Services LLC 21 Meadowbrook Lane P O Box 7425 Gilford NH 03247-7425	CONTACT NAME: Pat Mack PHONE (AG, IN, Ext): (603) 293-2791 FAX (AG, Ext): (603) 293-7188 E-MAIL: pat@esinsurance.com PRODUCER LICENSE NO: 00002997													
	<table border="1"> <tr> <th>INSURER(S) AFFORDING COVERAGE</th> <th>NAIC #</th> </tr> <tr> <td>INSURER A: Hartford Casualty Insurance Co</td> <td>29424</td> </tr> <tr> <td>INSURER B: Hartford Ins. Co. of the</td> <td>37478</td> </tr> <tr> <td>INSURER C:</td> <td></td> </tr> <tr> <td>INSURER D:</td> <td></td> </tr> <tr> <td>INSURER E:</td> <td></td> </tr> <tr> <td>INSURER F:</td> <td></td> </tr> </table>	INSURER(S) AFFORDING COVERAGE	NAIC #	INSURER A: Hartford Casualty Insurance Co	29424	INSURER B: Hartford Ins. Co. of the	37478	INSURER C:		INSURER D:		INSURER E:		INSURER F:
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INSURED NH BUSINESS FINANCE AUTHORITY 2 PILLSBURY ST STE 201 CONCORD NH 03301														

COVERAGES **CERTIFICATE NUMBER:2010-2011** **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

TYPE OF INSURANCE	ADDITIONAL INSURED	POLICY NUMBER	POLICY EFF. DATE (MM/DD/YYYY)	POLICY EXP. DATE (MM/DD/YYYY)	LIMITS								
GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PROJECT <input type="checkbox"/> LOC		048BAUQ7220	5/14/2010	5/14/2011	EACH OCCURRENCE \$ 2,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 300,000 MED EXP (Any one person) \$ 10,000 PERSONAL & ADV INJURY \$ 2,000,000 GENERAL AGGREGATE \$ 4,000,000 PRODUCTS - COMP/OP AGG \$ 4,000,000								
AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS					COMBINED SINGLE LIMIT (Ea accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$								
UMBRELLA LIAB <input type="checkbox"/> OCCUR EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DEDUCTIBLE \$ RETENTION \$					EACH OCCURRENCE \$ AGGREGATE \$								
B WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N <input type="checkbox"/> N/A	04WBCNY6674	5/14/2010	5/14/2011	<table border="1"> <tr> <td>WC STATUTORY LIMITS</td> <td>OTHER</td> </tr> <tr> <td>E.L. EACH ACCIDENT</td> <td>\$ 100,000</td> </tr> <tr> <td>E.L. DISEASE - EA EMPLOYEE</td> <td>\$ 100,000</td> </tr> <tr> <td>E.L. DISEASE - POLICY LIMIT</td> <td>\$ 500,000</td> </tr> </table>	WC STATUTORY LIMITS	OTHER	E.L. EACH ACCIDENT	\$ 100,000	E.L. DISEASE - EA EMPLOYEE	\$ 100,000	E.L. DISEASE - POLICY LIMIT	\$ 500,000
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DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

CERTIFICATE HOLDER

CANCELLATION

Public Utilities Commission 215, Fruit Street, Suite 10 Concord, NH 03301	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE
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