

PORTRAIT OF A SUCCESSFUL FINANCING

FOUNDATION FOR RENEWABLE ENERGY AND ENVIRONMENT SUSTAINABLE ENERGY BOND PROGRAM

- In 2011, Delaware's Sustainable Energy Utility issued the groundbreaking Energy Efficiency Bond Series.
- This financing created over \$145 million in guaranteed dollar savings to enable a host of state buildings and higher education facilities, including those at Delaware State University, to receive \$73 million in energy efficiency improvements at an effective borrowing rate of 3.7% over the 20-year life of tax-exempt bonds rated AA+ by Standard & Poor's.
- More than 900 jobs in construction, project engineering and building management have been created.
- If this born-in-Delaware model is used throughout the country, nearly \$25 billion in private sector investment could be attracted for the much-needed purpose of upgrading our public sector with potentially 300,000 Americans put to work in the clean energy economy.
- Architects of this successful approach to clean energy development have now formed the **FOUNDATION FOR RENEWABLE ENERGY AND ENVIRONMENT** or **FREE** to assist communities and governments across the country to accomplish precisely this task.
- The FREE team is already working with the **SONOMA COUNTY WATER AGENCY** in California, preparing a \$30-\$50 million Sustainable Energy Bond (SEB) Program Series for public buildings, schools, hospitals and higher education institutions there.
- Nationally, FREE has built an alliance with **APPLIED SOLUTIONS** – a national network of more than 110 cities and counties across the U.S. – to build awareness about the SEB model and its ability to lower the costs of government by improving the energy performance of our public building stock.
- Delaware's Sustainable Energy Utility and the national initiative by FREE show how creative partnerships between, science, technology and finance can build a clean energy economy using private sector money, not taxes or higher utility rates.

***FOUNDATION FOR RENEWABLE ENERGY AND ENVIRONMENT
SUSTAINABLE ENERGY BOND PROGRAM***

FOCUS: PUBLIC & NON-PROFIT FACILITIES

TRANSACTION: TAX-EXEMPT BOND FINANCING

FEATURES: NO UPFRONT CAPITAL COSTS REQUIRED FROM PUBLIC PARTICIPANTS

GUARANTEED DOLLAR SAVINGS

INCENTIVIZED DEEP RETROFITS (longest payback is typically 20 years with the average just under 14 years)

COMMON CONTRACTUAL DOCUMENTS

NET SAVINGS ACCRUE TO PUBLIC PARTICIPANTS WHO OWN ALL IMPROVEMENTS AT THE CONCLUSION OF THE PROJECT

PROJECT FLEXIBILITY (selection of Energy Conservation Measures [ECMs] & repayment terms customized to meet Participant needs while providing immediate, positive cash flows)

MONITORING & VERIFICATION PROTOCOLS THAT SUPPORT PARTICIPANT GOALS

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SNAPSHOT OF THE DELAWARE SEU ENERGY EFFICIENCY BOND SERIES

FOCUS: PUBLIC & NON---PROFIT FACILITIES

TRANSACTION: TAX---EXEMPT BOND FINANCING FOR 8 PUBLIC & NON---PROFIT FACILITIES (see below)

SOLD ON AUGUST 1, 2011

RATED AA+ BY STANDARD & POOR'S

PAR VALUE OF THE BOND = \$67.45 MILLION;
WITH PREMIUMS, TOTAL INVESTMENT = \$72.55 MILLION

EFFECTIVE BORROWING RATE = 3.67%

SERIAL BONDS ranged in maturity from 1 year (borrowing rate = 0.65%) to
20 years (borrowing rate = 4.37%)

BORROWING RATE FOR AVERAGE CONSERVATION MEASURE PAYBACK (~14 YEARS) = 3.77%

SIX STATE PARTICIPANTS	BOND PROCEEDS (incl. Premium)
Department of Children, Youth and Their Families	\$1.667 million
Department of Correction	\$39.699 million
Department of Natural Resources and Environmental Control & Carvel State Office Building	\$6.205 million
Legislative Hall, State of Delaware	\$5.199 million
The State Courthouse in Sussex County).....	\$1.012 million

TWO HIGHER EDUCATION INSTITUTIONS

Delaware State University	\$12.108 million
Delaware Technical and Community College (3 campuses).....	\$6.661 million

SIX ESCOs (Ameresco, Honeywell, Johnson Controls, Noresco, Pepco Energy Services, Seiberlich Trane)

MAJOR INSTITUTIONAL BUYERS: Definitive Capital, Lord Abbott, Gannett, First New York Securities, Merrill Lynch

