

CONTRACT NO. 32000289

RECITALS.

1. Pursuant to Ordinance No. 183956, Contract No. 32000289 (the "Grant Agreement") was made and entered into effective December 21, 2009, by and among the City of Portland (the "City") and ShoreBank Enterprise Cascadia, now operating under the assumed business name of Enterprise Cascadia ("EC"). The City and EC may hereinafter collectively be referred to as the "Parties."
2. The Grant Agreement governs the development and implementation of Fund Management for the Clean Energy Works Portland Pilot ("the Pilot").
3. When the Parties entered into the Grant Agreement, it was anticipated that Fund Management of the Pilot would extend to cover approximately 300 to 500 loans (as noted in Section 10.1 of the Grant Agreement), and funds granted from the City to EC would total \$2,500,000.
4. Given the success of the City in raising additional funds to support CEWP, and given both Parties interest in extending engagement beyond the 500 loan goal of the Pilot, representatives of the Parties have negotiated amendments to the Grant Agreement to address aspects of the agreement relating to expanding the number of loans and increasing the total amount of overall funding for the Pilot. The Parties agree that the number of loans should be adjusted to allow up to a maximum of 800 loans, and to increase the amount of funding for loan loss reserves by \$413,000.00. With these additional resources, the funds granted to EC by the City will total \$2,913,000.00.
5. The Parties acknowledge that expanding the number of loans may require the adjustment of various third-party agreements with the utilities for on-bill payments, as referenced in Sections 2.8, 6.1 through 6.4 and 12 of the Grant Agreement. The Parties agree to cooperate in seeking to obtain any necessary agreements from one or more of the following utilities: Northwest Natural, Portland General Electric, Pacific Power, in order to continue to provide CEWP customers with on-bill repayment services. Similarly, the Parties will collaborate with the Energy Trust of Oregon to assure continued program support and applicable energy conservation incentives, as referenced in Sections 2.1, 2.4, 6.1 through 6.4 and 10.3 through 10.6.
6. The Parties acknowledge that any further, subsequent amendments to the Grant Agreement, extending engagement of the Parties beyond 500 homes will require the negotiation of an agreement between EC and Clean Energy Works Oregon, Inc. ("CEWO"). EC commits to finalizing and executing an agreement with CEWO by January 31, 2011.
7. The Parties have been operating under the Grant Agreement for almost one year. With this operating experience, the Parties have concluded that other aspects of the Grant Agreement could be streamlined or modified to reflect the operating practices of the Parties. Accordingly, the Parties have negotiated appropriate amendments to the Grant Agreement as set forth below.

NOW THEREFORE, , the Parties agree as follows on the basis of these recitals, and for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged:

AGREEMENT

1. Section 5 of the Grant Agreement is revised to read as follows:

Section 5. Coordination on Program Guidelines and Other Administrative Matters.

- 5.1 EC will determine adjustments to Program Guidelines in collaboration with the Pilot Manager, using the process identified in Section 5.7 of this Agreement. EC shall present the findings of independent auditors for financial activities and compliance on an annual basis to PORTLAND within six months following the end of each fiscal year.
- 5.2 Overview. In the interest of maximizing the impact of the Pilot on energy conservation of owner-occupied residential properties, loan terms and conditions are other than standard for the lending industry. Those experiencing financial distress shall be priority beneficiaries, with rates and terms to reflect this priority status. Performance metrics reflecting progress toward these goals shall be reviewed annually; any modifications to performance metrics shall require approval of both PORTLAND and EC. Interest rates will be fixed. Interest rates will be set with the assumption that the Borrower will perform as agreed. If the customer does not perform, pricing on the loan may be increased to reflect the increased risk. Default interest rates shall be established at EC's discretion. EC's fee structure for the Pilot must be reviewed by PORTLAND on an annual basis. EC shall not agree to loan terms and conditions that it cannot justify from a financial operating perspective.
- 5.3 EC shall prepare an annual budget for the Pilot activities and submit the budget to PORTLAND for approval by the Pilot Manager.
- 5.4 EC will provide progress reports and recommendations to the Pilot Manager within 15 (fifteen) days after the end of each month. EC's reports to the Pilot Manager shall, at a minimum, include data regarding:
 - i. The number of inquiries received;
 - ii. Number of applicants in process;
 - iii. Number and dollar amount of loans approved and loan amounts disbursed;
 - iv. Number and dollar amount of defaulted loans;
 - v. Losses expensed to date and amount of reserve for future losses;
 - vi. The revenue and expense associated with the Pilot;
 - vii. The total values of secured loans and of unsecured loans; and,
 - viii. Statistics generally analyzing lending by household income and other relevant demographics.
 - ix. Progress and compliance with the requirements of Section 2 of this Agreement.
- 5.5 EC shall provide internally prepared financial reports to the Pilot Manager. At a minimum, such internal reports shall include at least the following information, comparing actual to forecast (budget) performance:
 - i. Revenues derived from fees, interest, contract and grant revenues

- ii. Expenses attributable to the delivery of the Pilot, including indirect administration costs, expensed loss reserves, and loan losses;
- iii. Availability of lending resources for future Pilot activity; and
- iv. Statement of Pilot cash flows.

5.6 Education and Outreach Materials. EC shall provide the Pilot Manager with copies of any tangible educational products developed by EC under this Agreement, such as brochures, manuals, pamphlets, videos, audio tapes, CDs, curriculum, posters, media announcements or gadgets, such as a refrigerator magnet with a message. If this is impractical, as in the case of a sign, display, website, workshop, or educational materials, EC shall provide a complete description including photographs or printouts. EC shall also provide copies of any technical assistance tools if they are disseminated to a group.

5.7 The CEWP Pilot Program Guidelines (as set forth in Attachment B of this Agreement) will serve as the primary guiding principles for the Pilot. Following the initial adoption of the Program Guidelines, any exceptions or amendments to the Program Guidelines shall be subject to review and approval by the Pilot Manager. No modifications to the Pilot shall be made without the prior written approval of both PORTLAND and EC. EC will comply with the Program Guidelines. However, EC shall have sole authority for adopting and implementing a credit administration policy associated with the Pilot.

2. Section 10.1 of the Grant Agreement is revised to read as follows;

In service to the Pilot, SBEC shall provide up to 800 consumer loans for energy efficiency retrofits. The Parties agree that through the 800 Pilot loan total, PORTLAND will continue to collect data from qualified general contractors and sub-contractors relating to said contractors adherence to the CEWP Pilot Community Workforce Agreement. In the event that more than 800 loans may occur under the Pilot, PORTLAND and EC shall negotiate such modifications as may be necessary.

3. In addition to the funding amounts identified Section 8.2 of the Grant Agreement, the City will provide EC with an additional \$413,000 in grant funding for the purposes of funding additional loan loss reserve needs. These additional funds shall be used for the purposes identified in Section 8.4 and 10.8 of the Grant Agreement. The City will make the loan loss reserve grant funds available to EC on a reimbursable basis upon receipt of invoice from EC. EC may submit invoices to the City for these funds on a monthly basis. The additional loan loss reserve funds will be available for any loans made, up to the 800 loan total.

4. Section 2.13 of the Grant Agreement is revised to read as follows:

Treatment of Granted Loan Loss Reserve Funds: PORTLAND will grant EC up to 15 percent of all original loan principal balances to fund the expense of a Loan Loss Reserve for the Pilot. The Loan Loss Reserve shall initially be established at a minimum of 10 percent of the original loan principal balance, but may be increased at any time by EC based on EC's risk management policy. EC will

invoice the City for no more than \$613,000 in loan loss reserve expense. Thereafter, the amount of the Loan Loss Reserve may be adjusted as provided in Section 10.8 of this Agreement.

5. Section 8.3 of the Grant Agreement is revised to read as follows: SBEC shall collect a \$400 loan application processing fee for all loans closed and funded under the Pilot. Loan application processing fees will be capitalized into the loan amounts.
6. The Parties agree that EC shall retain all fund revenues necessary to support fund management activities related to the Pilot and any extension of the Pilot. EC may retain any interest earned on CEWP loans to cover support staff and operational costs associated with managing, originating and service of Pilot loans. EC shall provide quarterly reports to PORTLAND on the expenditure of the retained interest earnings to cover these costs. EC shall account for these interest earning separately from overall EC interest earnings. Retained fund revenues may exceed \$40,000 or \$100 per active loan per year, as referenced to in Section 8.4. EC shall report to the City on fund revenues and uses from time to time.
7. Section 10.3 of the Grant Agreement provides that Pilot loans must be made to households within the City of Portland. The Parties agree that, notwithstanding Section 10.3, EC may use any remaining, outstanding funds made available to EC under Section 8.2 of the Grant Agreement to deliver Pilot loans to specific household types in targeted communities outside of Portland, working in partnership with Clean Energy Works Oregon, Inc., the City and the Energy Trust of Oregon. No loan loss reserve funds granted to EC by the City shall be used to support Pilot loans to households located outside of the City of Portland.
8. Section 10.9 of the Grant Agreement provides that EC must accept any requests by home sellers and buyers to transfer a Pilot loan. The Parties agree that in the event of a re-finance or sale of the residential property securing a Pilot loan, EC may elect to remove the option of accommodating loan transfer from the original homeowner and borrower to a new homeowner of the same property, based upon approval criteria established by EC to assess repayment of the underlying loan. Alternately, EC may charge a fee to recover its costs of transferring the Pilot loan.
9. Except as expressly provided in this Amendment No. 1, all other terms and conditions of the Grant Agreement remain unmodified and in full force and effect.

This Amendment is effective on and after December 31, 2010.

CITY OF PORTLAND, OREGON

ENTERPRISE CASCADIA

By: _____

By: _____

Name: Mayor Sam Adams

Name: _____

Title:

Title: _____

Dated: _____

Dated: _____