Confidential

Approximately $27.5 million

Non-Recourse

Tax-Exempt Financing Request

To Finance

Energy Efficient Projects

For

The City of Chicago Department of Fleet and Facilities Management

Pursuant to design, procurement, implementation, monitoring and verification provided by

Noresco, LLC
Ameresco, Inc.
Schneider Electric Buildings Americas, Inc.

CHICAGO INFRASTRUCTURE TRUST

Proposed Term Sheet – 2FM Project
Chicago Infrastructure Trust

Project Background:

In July, 2011 the Public Building Commission of Chicago (PBC) issued a Request for Qualifications and Proposals to identify energy services companies (ESCOs) to provide comprehensive energy management and energy-related capital improvement services for various types of public facilities. In December, 2011 seven (7) ESCOs submitted preliminary feasibility reports based on the energy analyses of 10 representative public buildings. The energy audits included: (i) a survey and review of available utility data and facility mechanical equipment, operating parameters, and systems; (ii) an estimate of potential energy savings over a specified term for the various facilities; (iii) recommended energy conservation measures (ECMs) for each facility; (iv) estimated maximum cost of energy performance contracting services for the facilities; (v) a description of grants or incentive programs and an estimate of the potential grant or incentive funds available; and (vi) estimated annual measurement and verification costs;.

In March 2012, based on the recommendations of an evaluation committee composed of City of Chicago user agencies and subject matter experts who reviewed the reports and interviewed each ESCO team, the PBC Board recommended 3 ESCOS be chosen as preferred vendors: Noresco, LLC, Ameresco, Inc. and Schneider Electric Buildings Americas, Inc.. In July 2012 the three (3) preferred ESCOs were assigned the task of analyzing 148 buildings to determine which ones were suitable candidates for inclusion in the Retrofit Chicago Program. In October 2012, Investment Grade Audit Services Agreements were executed between the PBC and each of the three (3) ESCOs. Collectively the ESCOs performed Investment Grade Audits on 112 facilities. After a thorough iterative review of the results, the Department of Fleet and Facilities Management (2FM), with PBC assistance, accepted the ESCO recommendations for 75 of those facilities. The final draft Investment Grade Audit Reports were completed in May 2013.

Financing Opportunity:

Each energy services company will guarantee an annual amount of savings based on the facilities that they evaluated and included in their Final Investment Grade Audit Reports. Savings will be aggregated into one financing **(See Exhibit B of the Guaranteed Energy Performance Contract (GEPC)).**

The amount of the transaction is approximately $27.5 million, with financial closing anticipated to occur around December 15, 2013.

ESCO/Contractors: Noresco, LLC
Ameresco, Inc.
Schneider Electric Buildings Americas, Inc.

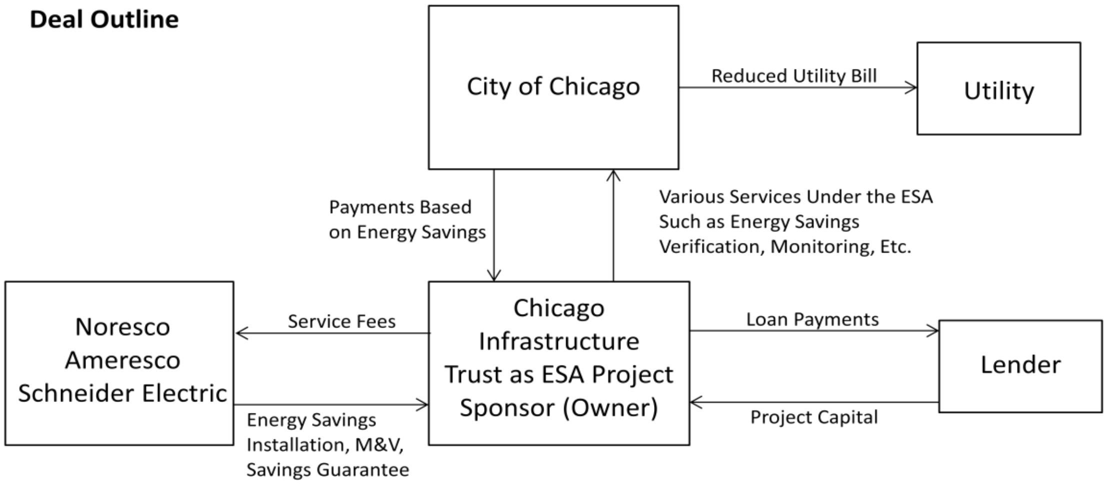
Owner: Chicago Infrastructure Trust (CIT). The CIT was created in April 2012 by a resolution of the City of Chicago (City). The CIT was mandated to serve the following purposes: to provide funding and credit support to qualifying infrastructure projects; play an important role in coordinating and facilitating private investment for infrastructure projects; have grant-making capabilities for select infrastructure projects; and facilitate funding of infrastructure projects affecting one or more co-ordinate units of local government that will enable the sharing of labor, resources and expertise between and among such units of local government. The CIT will enter into an Energy Services Agreement (ESA) with the City of Chicago **(See Energy Services Agreement (ESA)).**

Issuer: The CIT will be a permitted issuer of tax-exempt obligations "on behalf of" the City pursuant to authorities under section 103 of the Internal revenue Code of 1986 (Revenue Ruling 57-187 and 60-248) **(See Whereas Clauses in the Loan and Security Agreement).**

End User: The City of Chicago.

Below is a diagram of the proposed deal structure:

Deal Outline



Project Documents:

Energy Savings Agreement (ESA) between the End User (City of Chicago) and the Owner (CIT). Under the ESA, the End User will agree to pay the Owner an amount equal to agreed upon savings as long as the agreed upon savings amounts are achieved. **(See Article XIII, Section 8.1 of the ESA)** If agreed upon savings are not achieved in any year, the ESCO/Contractor will make up the difference between actual savings and agreed upon savings. **(See Exhibit B, Section 1 of the GEPC)**

Guaranteed Energy Performance Contract (GEPC) between ESCO/Contractor and the CIT for the benefit of the City. Pursuant to the GEPC, the CIT will enter into a program management agreement with the Public Building Commission of Chicago. The GEPC defines the scope of work, installation cost and timeline, and savings guaranty associated with the Project. Each ESCO/Contractor has a defined project associated with the building group(s) they were assigned based on occupancy type. In general, Noresco had responsibility for the installation of ECMs within City Hall, Chicago fire stations and several warehouses maintenance shops **(See Exhibit A of the ESA)**. Ameresco had responsibility for the installation of ECMs within a number of Chicago libraries, and administrative buildings throughout the City **(See Exhibit A of the ESA**). Schneider Electric had responsibility for the installation of ECMs within various police stations, health clinics and community service centers **(See Exhibit A of the ESA).** The GEPCs are virtually identical in form with differences focused on the various ECMs proposed for each facility. In general, savings are not guaranteed per individual ECM project or per building but for the aggregate energy savings per ESCO group of ECMs.

Financing Agreement between the lender and the CIT **(See Loan and Security Agreement).** The form of the financing agreement will most likely be a Loan and Security Agreement. The CIT intends to finance 100% of the cost of the Project, capitalized interest and costs of issuance. There may be a small equity contribution to CIT from the End User. The Financing Agreement will provide the Lender with a security interest in the Project **(See Section 7.01 of the Loan and Security Agreement).**

It is the intent of the CIT that the interest component of payments received by the lender be excluded from gross income for purposes of federal income taxation and should not be a preference item for purposes of the federal alternative minimum tax **(See Section 2.02 of the Loan and Security Agreement).**

Project Description: Each ESCO/Contractor is scheduled to design and install similar types of ECM projects; In general, these subprojects include: installation of energy efficient light fixtures and lighting controls; weatherization of building envelopes to reduce the infiltration of unconditioned outside air; retro-commissioning of existing mechanical systems bringing them into optimal operating parameters; new Direct Digital Control (DDC) systems to better control HVAC equipment; refurbishment or replacement of aging HVAC components such as steam traps, radiator controls, air handler seals, etc.; insulation of un-insulated piping and duct work; and the installation of efficient motors and pumps in conjunction with variable frequency drives. In addition, the ESCOs will perform several "deeper retrofit" projects that involve the replacement of antiquated equipment such as installation of natural gas fired infrared heating in lieu of steam unit heaters; conversion of constant volume air handlers to Variable Volume and Temperature (VVT); demand control ventilation systems that regulate outside make-up air; and the replacement of boilers and chillers. (See Investment Grade Audit from each ESCO/Contractor for a more complete description of ECMs).

Summary of Project Costs and Savings:

ESCO/Contractor	Project Cost	Annual Savings
Noresco	$3,609,549	$311,328
Ameresco	$9,936,120	$766,926

Schneider Electric	$12,038,502	$903,006
Total	$25,584,171	**$1,981,260**

Loan term: Up to 22 years; one year of construction and 19 to 21 years of amortization **(See Exhibit A of the Loan and Security Agreement)** and will depend on final interest rate**.**

Repayment: Semi-annual payments of principal and interest, based on a 30/360 accrual basis. Annual payments will be approximately level. Some interest will be capitalized during construction.

Prepayment: The loan will be structured with a ___-year no call period and prepayment thereafter with no penalty upon 30 days written notice to the Lender and/or a "make-whole" call **(See Article V of the Loan and Security Agreement).**

Financial Review: In addition to such other reasonably available items, the following will be available:

- Investment Grade Audit Services Agreement
- Investment Grade Audits
- 3 years audited financial statements of the City of Chicago
- Most recent rating reports of the City of Chicago
- Draft Guaranteed Energy Performance Contract and program management agreement
- Energy Savings Agreement

Governing Law: State of Illinois **(See Section 12.06 of the Loan and Security Agreement and Section 17.13 of the ESA).**

Funding Date: Mid-December 2013

Anticipated Completion: December 2014

End of Term: At the expiration of the ESA term, the End User will have the option to purchase the ECMs from the CIT for fair market value, extend the ESA, or request that the ECMs be removed by the ESCO/Contractor **(see Section 2.3 of the ESA).**

Security Interest: Lender will file UCC financing statements against the CIT covering savings payments, the Projects and project Contracts. Lender will have customary cure and step-in rights under the ESA and GEPC in the event of default by the CIT **(See Section 7.01 of the Loan and Security Agreement).**

Title: Title to the project shall transfer to the CIT upon substantial completion and full payment of installation progress payments due to the ESCO/Contractor under the GEPC **(See Section 7.01 of the ESA).**

Insurance: ESCO/Contractor shall maintain liability insurance and builder's risk insurance coverage on the Project during the construction period. In addition, the ESCO/Contractor will provide performance bonds **(See Section 9 of the GEPC).** Following completion the End User shall procure insurance for the Project throughout the term of the ESA on behalf of the CIT **(See Article VI of the ESA).**

Proposed Amortization: Project: Chicago Infrastructure Trust, Retrofit Chicago-2FM
Average Life: 11.85 years
Total Par: $27.485 million

1/1/2014	-
1/1/2015	880,000
1/1/2016	960,000
1/1/2017	1,000,000
1/1/2018	1,040,000
1/1/2019	1,080,000
1/1/2020	1,125,000
1/1/2021	1,170,000
1/1/2022	1,215,000
1/1/2023	1,265,000
1/1/2024	1,315,000
1/1/2025	1,370,000
1/1/2026	1,425,000
1/1/2027	1,480,000
1/1/2028	1,540,000
1/1/2029	1,600,000
1/1/2030	1,665,000
1/1/2031	1,730,000

1/1/2032	1,800,000
1/1/2033	1,875,000
1/1/2034	1,950,000
Total	**27,485,000**

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