Draft

Attachment 2: Loan Committee Guidelines

Renewable Energy Construction Loan

PURPOSE

The Loan Review Committee is comprised of a subset of Energy Trust Management Team members from various departments, who will meet as needed to review loan requests from project developers of renewable energy projects in ETO territory. Renewable Energy Construction Loan details can be found in the Loan Product Guidelines. This memo outlines the makeup of the Loan Review Committee, as well as the procedure and protocol, for loan review and approval.

PROCEDURE/PROTOCOL

Loan Write-up	• Program Manager and RE Business Manager market loan program and identify strong projects. Program Manager is assigned to a viable project to begin work on loan application. • Project Financial Specialist works with the Project Manager to assess the financial viability of the project and how best to structure Energy Trust's Construction Loan Product. • All project details and loan request information are summarized in a loan request memo.
Submission of Loan Request Memo	• RE Business Manager and Director of the Energy Programs review the memo. Once approved, the memo is submitted to the Loan Review Committee. • Loan Review Committee receives the loan request memo at least a week prior to the committee meeting. Each member of the committee reviews the memo, providing feedback and/or requesting additional information from the Program Manager when needed in advance of the committee meeting.
Loan Review Committee Meeting	• Project Manager and Finance Specialist formally present the loan request at a Loan Review Committee meeting. Committee will ask questions and make recommendations for loan terms and conditions as needed.

	• Each member of the Loan Review Committee provides a recommendation to the CEO for approval or denial of the loan request. CEO makes a final determination on the loan application. Depending on the loan size, the loan is officially approved, or it is referred to ETO Board of Directors for final approval. • In the event that a member of the Loan Review Committee is absent for the meeting, this individual will be responsible for reviewing the loan write-up and providing comments/recommendations either prior to the meeting or prior to the loan reaching final approval.
Follow-Up/Revision	• At the request of the Loan Review Committee, the Project Manager will be responsible for follow-up items, including additional information and/or revisions to the Loan Write-Up. • Depending on the extent and nature of the follow-up items, the Loan Review Committee will either delegate final approval authority to the RE Business Manager upon completion of follow-up items, or will require that the Project Manager return to the Loan Review Committee with the revised Loan Write-Up.
Closing	• Once approved, the Project Manager works with ETO legal counsel and the loan applicant to meet all closing conditions and to complete the underwriting process.

Roles

Member	Function
Board of Directors (Decision Authority)	Regularly review loan portfolio performance and provide final approval for all loan requests initially.

Senior Management-Executive Director (Decision Authority)	Attend each Loan Review Committee to provide input on strength of loan application. Make a final determination on whether to approve loan request or request approval from ETO's Board of Directors, with input from all Loan Review Committee members.
Senior Management-Chief Financial Officer (Voting Member)	Attend each Loan Review Committee meeting to provide input on the financial strength of the borrower, and whether each loan fits within Energy Trust's financial risk threshold. In addition, the CFO will monitor and report to the committee, Executive Director, and Board of Directors on the financial performance of the loan portfolio.
Senior Management-Director of Energy Programs (Voting Member)	Attend each Loan Review Committee meeting to provide input on the viability of each project and to monitor the effectiveness of the renewable energy construction loan product.
Senior Management - Legal Department (Voting Member)	Attend each Loan Review Committee meeting to provide input on legal hurdles and to ensure each viable loan application is underwritten to protect Energy Trust's legal and financial interest. In addition, the legal member of the Loan Review Committee will facilitate the closing of the loan once it has reached final approval.
Project Finance Specialist (Project Staff)	Attend Loan Review Committee meetings at the request of the Program Manager who is managing the particular project in need of loan review. Initially, this position will be provided by an outside consultant to help assess the financial viability of each project. When a strong applicant is identified, the Project Finance Specialist will work closely with the Project Manager and the project development team, performing financial sensitivity analysis and providing feedback to Energy Trust Program Managers and Renewable Energy Department staff. The Project Finance Specialist will help determine the financial loan/incentive package needed from ETO. This information will be included in the Program Manager's loan write-up to the Loan Review Committee.
Project Manager-Renewable Energy Department (Project Staff)	Depending on the renewable energy technology, a program manager will be assigned to each loan applicant. The Program Manager will assess the overall project viability and will work closely with the RE Business Manager as well as the Project Finance Specialist to formulate a loan write-up for strong projects. The responsible Program Manager will represent the loan write-up during the Loan Review Committee and will be responsible for addressing any concerns by Loan Review Committee members. The Program Manager will work with loan applicants through the approval process, and will continue to monitor, and report on, the project performance after the loan has closed.

RE Business Manager (Project Staff)	The RE Business Manager will attend each Loan Review Committee meeting and will work with Program Managers, and the Project Finance Specialist throughout the process to help determine project viability and whether each loan application meets program goals and loan criteria. The RE Business Manager will review the loan write-ups prior to the Loan Review Committee and provide approval before recommending the write-up be reviewed by the full committee. This role may phase out as Program Managers and Committee members become more familiar with the process and loan review procedures.
Third-Party Lender Review- (Non-Voting Rotating Position)	Each loan write-up will be reviewed by a third party lending institution/underwriting expert. This person will not be affiliated with Energy Trust or the Project Finance Specialist. The position will be voluntary and rotating, ideally a lender who is also participating with Energy Trust's Lender Outreach Group. This individual may attend the Loan Review Committee meeting, or may choose to provide their review/comments prior to the Loan Review Committee meeting.

APPROVAL

Loan Amount	Approval Authority
$250,000 to $500,000	Chief Executive Officer
$500,001 to $1,000,000	Chief Executive Officer and Energy Trust Board of Directors

GROUND RULES

1. Be courteous and respectful to all presenters.

2. Loan committee members (voting members) of which there are three, are charged with making recommendations to the Executive Director regarding approval/disapproval of the loan request. The Executive Director and/or the Energy Trust of Board of Directors are decision making bodies.

3. Start on time, end early and come prepared. If a Loan Review Committee member needs more information regarding an item, make best efforts to speak with the Project Manager for clarification ahead of time.

4. Apply policies and guidelines fairly and consistently in the decision-making process; and develop a consistent format for information being presented.

5. Clarify Committee members' roles and what level of review is expected.

6. Maintain confidentiality of the deliberations and any information shared at Loan Review Committee meetings.

7. Executive Director and/or ETO Board of Directors have final approval authority on any loan request but may explore further any decisions that are not unanimous by the Loan Review Committee.

8. Continually provide input to Loan Program Manager on the process and presentation of materials (ongoing improvements).

9. Energy Trust staff, other than those in the capacities listed above should be discouraged from attending Loan Review Committee meetings. ETO Executive Director authorizes attendance at the Loan Review Committee meetings beyond committee members.

10. Loan Review Committee members must declare any conflict of interest, or any set of facts that may have the appearance of a conflict of interest, on any loan application being considered by the committee.