

Cape Light Compact JPE Executive Committee & Governing Board Meeting

DATE: Wednesday, April 10, 2024
LOCATION: Cape Light Compact Offices – Martha’s Vineyard Conference Room
261 Whites Path, Unit 4, South Yarmouth
TIME: 2:00 – 4:30 p.m.

Note: The meeting will be held as a hybrid meeting (in-person and through remote participation) pursuant to St. 2023, c. 2, which, among other things, extends the temporary provisions pertaining to remote meetings of public bodies under the Open Meeting Law to March 31, 2025. Members of the Public can join in by audio and follow along with Meeting Materials, see the information below. Written public comments should be submitted to Maggie Downey, Compact Administrator, at mdowney@capelightcompact.org by 2:00 PM on Tuesday, April 9, 2024, and should follow the public comment protocol below. Written public comments received after the April 9th deadline will be distributed prior to the Compact’s next Board meeting.

Telephone dial-in: +1 (646) 558-8656

Meeting ID: 814-0059-3055

Passcode: 089024

AGENDA

1. Public Comment
2. Approval of March 27, 2024, Open Session Minutes
3. Chairman’s Report, Martin Culik
4. Discussion and Potential Vote on Amending Article XVI of the Cape Light Compact’s Second Amended and Restated Joint Powers Agreement (JPA). The Proposed Amendment Will Clarify That the 25 Year Term of the JPA Ends July 1, 2046. Erin O’Toole, KO Law
5. Discussion and Potential Votes on Resolutions in Support of the USDA Rural Utilities Service (RUS) Loan Through the Rural Energy Services Program (RESP). Erin O’Toole, KO Law
6. Presentation and Discussion on the Massachusetts 2025-2027 Energy Efficiency and Decarbonization Plan. Briana Kane
7. Administrator’s Report, Maggie Downey
 - A. Update on MassHousing Grant Application: Outreach Assistance and Customer Support for Energy Saver Home Loan Program
 - B. Next Board Meeting: May 8, 2024
 - C. Board Member Update (Reserved for Updates on Member Activities the Chair Did Not Reasonably Anticipate Would be Discussed – No Voting)

Cape Light Compact Public Comment Protocols

for Governing Board Meeting

(June 2023)

The Cape Light Compact Governing Board has adopted the following protocols to assist the public in effective participation in its Governing Board meetings, where some Board Members, staff and members of the public may be participating remotely:

1. Members of the public are welcome to address the Compact Board during the public comment section of the meeting or in writing.
2. Members of the public addressing the Compact Board at the meeting must state their name, and if appropriate the name of the organization the person is representing. Oral comments must be limited to three minutes.
3. Members of the public may also submit written comments. Written comments shall be submitted in writing to the Compact Administrator, Maggie Downey, at mdowney@capelightcompact.org by 2 p.m. on the Tuesday before a scheduled Compact Governing Board meeting (or such other time as may be established by the Compact Administrator). Written comments must include a person's name and, if appropriate, the name of the organization the person is representing. Public comments received after the deadline will be distributed prior to the Compact's next Board meeting.
4. Members of the public addressing the Compact Board may not use fighting words, slander, unreasonably loud or repetitive speech, or speech so disruptive of the Compact Board meeting that the deliberative process is substantially interrupted or impaired. Speakers may not disrupt others. Speech must be peaceable and orderly.
5. All written public comments submitted in advance consistent with these protocols shall be included in the Compact's Board meeting packet.
6. Board members and staff cannot respond to public comments for topics not on the current agenda during the Board meeting. The Cape Light Compact Board may respond to comments either by putting them on the agenda of a subsequent meeting or by requesting the administrator or staff to respond to the comment.
7. Copies of the Board meeting packet will generally be made available to members of the public in advance of the meeting at the Cape Light Compact JPE's web site at www.capelightcompact.org Documents exempt from disclosure pursuant to the Public Records Law or protected by the attorney-client privilege shall not be included.

**Cape Light Compact JPE
Governing Board
Meeting Minutes
Wednesday, March 27, 2024**

The Cape Light Compact JPE Board of Directors met on Wednesday, March 27, 2024, at 2:00 p.m. The meeting was held as a hybrid meeting (in-person and through remote participation) through a Zoom videoconference for members of the Board with audio call-in available for members of the public, pursuant to St. 2023, c. 2, which, among other things, extends the temporary provisions pertaining to remote meetings of public bodies under the Open Meeting Law to March 31, 2025.

Participating In-Person Were:

1. Robert Schofield, Executive Committee, Bourne
2. Colin Odell, Executive Committee, Brewster
3. Greg Rounseville, Dennis Alternate
4. Gary Senecal, Eastham Alternate
5. Valerie Bell, Harwich
6. Martin Culik, Chair/Executive Committee, Orleans
7. David Jacobson, Orleans Alternate
8. Susan Ryan-Ishkanian, Wellfleet
9. Joyce Flynn, Vice Chair/Executive Committee, Yarmouth

Participating Remotely Were:

1. David Anthony, Secretary/Executive Committee, Barnstable
2. Brian Miner, Chatham
3. Timothy Carroll, Chilmark
4. Brad Crowell, Dennis
5. Tom McNellis, Eastham
6. Alan Strahler, Edgartown
7. Wayne Taylor, Mashpee
8. Ralph Vitacco, Sandwich Alternate
9. Bob Higgins-Steele, Truro Alternate
10. Nathaniel Mayo, Provincetown

Absent Were:

1. Forrest Filler, Aquinnah
2. Meghan Gombos, Dukes County
3. Matthew Patrick, Falmouth
4. Peter Meleney, Oak Bluffs
5. Leanne Drake, Sandwich
6. Russ Hartenstine, Tisbury
7. Jarrod Cabral, Truro
8. Nicola Blake, Executive Committee, West Tisbury

Legal Counsel Participating Remotely:

Audrey Eidelman Kiernan, Esq., KO Law, P.C.
Erin O'Toole, Esq., KO Law, P.C.

Staff Participation In-Person:

Maggie Downey, Administrator

Staff Participating Remotely:

Anneliese Conklin, Data Analyst

Briana Kane, Residential and Commercial & Industrial Program Manager

Dan Schell, Senior Analyst - Retail and Demand Response

David Botelho, Data Analyst

Laura Selmer, Analyst

Lindsay Henderson, Senior Analyst - Small Business

Margaret Song, Energy Efficiency Strategy and Policy Manager

Miranda Skinner, Strategy and Regulatory Analyst

Melissa Allard, Senior Administrative Coordinator

Meredith Miller, Senior Analyst – Income Eligible

Phil Moffitt, Chief Financial Officer

Stephen McCloskey, Analyst - Home Energy Services

Tatsiana Nickinello, Energy Efficiency Analyst

Public Participants:

Becky Rivera – Oak Bluffs

Martin Culik called the meeting to order at 2:00 PM.

Public Comment:

No written comments were received in advance of the meeting and no members of the public were present for public comment.

APPROVAL OF MINUTES:

The Board considered the February 28,2024 Open Session Meeting Minutes.

David Jacobson stated that he was present at the February Board Meeting. Joyce Flynn stated that in the section about Richard Elkin it should say “his presence”, not “his absence”.

Robert Schofield moved the Board to accept the minutes and to release them as amended, seconded by Valerie Bell.

David	Anthony	Barnstable	Yes
Robert	Schofield	Bourne	Yes
Colin	Odell	Brewster	Yes
Brian	Miner	Chatham	Yes
Brad	Crowell	Dennis	Abstained
Gary	Senecal	Eastham	Yes
Alan	Strahler	Edgartown	Yes
Valerie	Bell	Harwich	Yes
Wayne	Taylor	Mashpee	Yes

Martin	Culik	Orleans	Yes
Nate	Mayo	Provincetown	Yes
Ralph	Vitacco	Sandwich	Abstained
Bob	Higgins-Steele	Truro	Yes
Susan	Ryan-Ishkanian	Wellfleet	Yes
Joyce	Flynn	Yarmouth	Yes

Motion carried in the affirmative (13-0-2)

CHAIRMAN’S REPORT:

1. Report in on Non-Profit Offering Update to Select Boards/Town Council

Martin Culik stated that Board Members received a report on the non-profit offering update to share with their towns. Valerie Bell stated that it was well received in Harwich. She stated that there are members of the Harwich Chamber of Commerce that are non-profits that will fit within the criteria and that the Harwich Chamber of Commerce plans to share the information with them. Bob Higgins-Steele stated that he presented to the Truro Select Board, and they appreciated the update. He stated that he also sent the information along to a non-profit as well. Tom McNellis stated that he presented to the Eastham Select Board and Chamber of Commerce and there was a lot of interest.

2025-2027 ENERGY EFFICIENCY PLAN, MARGARET SONG AND BRIANA KANE:

Maggie Downey began reviewing the 2025-2027 Energy Efficiency and Decarbonization Plan (Plan) April Draft Review PowerPoint.

Maggie Downey stated that there are statutory and regulatory changes that guided the development of the Plan. Specifically, the statutory changes came out of the Climate Act, which establishes an earlier date for filing the draft statewide Plan. Historically the Board has been working on the Plan, making edits or comments, and adding programs, up until the October Board Meeting. The filing was always on October 31st. She stated that that the Board’s role and review of the Plan has changed because of a Department of Public Utilities (DPU) Order that prohibits any substantive changes to the Plan after the Compact and other Program Administrators submit their August Plan filing to the Energy Efficiency Advisory Council (EEAC).

Maggie Downey reviewed the timeline for the Compact review of the statewide 2025-2027 Plan. She stated that comments from the Board have to be submitted to the EEAC for their review and consideration. She stated that the draft Plan will be submitted to the EEAC on April 1st. As soon as the Plan is submitted, she will send it out to the Board. She stated that at the April 10th Board Meeting staff will prepare a presentation on the Plan and the Board will begin its review and discussion of the Plan. The focus will be primarily on residential, income eligible issues. She stated this would be the time that if any Board Members have a comment or concern to share them. Any Board comments and/or recommendations intended for the EEAC must be submitted on June 7th. She stated that the EEAC must submit a Resolution on the Plan with their recommendations to Program Administrators (PAs) by June 26th and PAs have until August 11th to respond to the EEAC. She stated that after August 11th no substantive changes are allowed. PAs have until October 31st to prepare their filing. She stated that the DPU will have until March 31st, 2025 to approve the Plan.

Briana Kane continued the review of the PowerPoint.

Briana Kane stated that during the February Board Meeting we let the Board know that we received the Secretary's letter establishing the Greenhouse Gas (GHG) goals the PAs were to meet for their planning period. She reviewed graphs of the planned and actuals GHG goals in 2022 through 2024, as well as 2022 through 2024 versus 2025 through 2027. She stated that this is based on a goal of reducing one million metric tons of GHG emissions, and the Compact, consistent with the Secretary's letter, is working on scenario two, which is a reduction of 2.2 million metric tons of GHG emissions.

Briana Kane stated that the three core items for 2025 through 2027 are decarbonization, equity, and customer experience. She reviewed some of the highlights of the Plan. She stated that for income eligible the Compact has had a long-standing turnkey offering. Turnkey is the term that's being used for a fully facilitated energy efficiency experience. She stated that this will be brought forward into the market rate model for moderate income customers and residential. There is also a component in the commercial and industrial program offering for small business customers. She stated that PAs will use both Area Median Income (AMI) and State Median Income (SMI) to determine a customer's eligibility for programs. Staff will use either AMI or SMI, whichever benefits the customer most, when determining eligibility for a program. She stated that for the Compact, Barnstable and Dukes County will have separate AMI and SMI levels. She stated that we will have a targeted enhanced community-based offer. The Compact has started an offer for Oak Bluffs and will continue in 2025 through 2027 along with Tisbury. She stated that that the Compact will be rolling out a new component of a statewide model to fund and deliver electrification projects. This will allow for more decarbonization to happen in the Commonwealth for all customers. She stated that there are also some changes to the HEAT Loan. Currently, the Heat Loan has up to a seven-year term, with 0% interest, and there is a \$20,000 and \$50,000 option. She stated to better manage costs, it is still going to be 0% interest, but the term will be reduced to up to 5 years and the total amount capped at \$25,000. The reason behind the changes is that low-and-moderate income customers will be offered no cost electrification (heat pumps) and many other no cost energy efficiency improvements.

Briana Kane stated that the Compact has a community first partner, as well as a few education grants. She stated that we have one community first partner in the current 2022-2024 Plan and that is Vineyard Power. They have been awarded \$120,000 to help promote and market energy efficiency programs to customers on Martha's Vineyard. She stated that the Compact did award an education grant in 2022 to help get the word out about the Compact's energy efficiency programs. There was also another education grant awardee that was shared with National Grid. She stated that it was our Faith Communities Environmental Network. They have been working very closely with environmental justice (EJ) populations and the faith communities promoting energy efficiency services. She stated that for the community first partnership budget it is projected that the Compact will spend \$297,000. She stated that moving forward with the EEP planning process we have to set some placeholders for some costs. The Compact's projected budget for 2025- 2027 is \$812,000.

Briana Kane continued to review Plan highlights. She stated that the new construction program offerings will be an all-electric solution and there will be no incentives for fossil fuel new construction projects, with limited exceptions as stipulated by state law. She stated that for the commercial and industrial programs we have been hearing about a need and desire for some more technical assistance and commissioning studies. Therefore, the Compact will be planning to expand its offerings for those two components. She stated that there is also a great interest in data and reporting. The Compact has always been responsive to requests for data needs and will continue to support its robust level of data presentation. She stated that there is a statewide call center that is being planned that will mirror a lot of what Compact's call center currently does. The Compact will be continuing its own internal call center and not participating in the statewide call center. She stated that the call center is well versed in our program offerings and is able to provide great support to customers who call us. She

stated that she wanted to remind everyone that a proposal was submitted to National Grid to provide customer service support for natural gas customers for a fee.

Briana Kane reviewed the moderate income offering. Customers with electric, oil, or propane, can qualify by sending in income documentation. She stated that if they choose the turnkey pathway, they would be eligible for no cost weatherization, no cost weatherization barrier remediation, no cost pre-electrification barrier remediation, and no cost heat pump installations. If a customer is just looking to complete weatherization, they can self-attest that they fall within the income guidelines. She stated this is a way to try and encourage more people to participate in the moderate-income offerings. She stated for those customers not willing to participate in the turnkey pathway they will still be able to do the self-attestation and receive no cost weatherization, and for the heat pump they would be offered an enhanced rebate.

Briana Kane stated that the Compact and Mass Save will be making website improvements. She stated that the Compact will be pursuing enhanced language access for non-English speakers and those with limited English proficiency. The Compact is working on a few things currently that will start in 2024. She stated the Compact has always had the ability for a customer who calls into the Compact to access translation services through a language access line and we are able to offer that to the Compact's income eligible vendor if needed. The market rate vendor already has their own language translation services available. She stated that the Compact is going to expand and build upon it a bit more. She stated that the Compact will continue focusing on diversifying the workforce through vendor trainings and supplier diversity summits. Some of these will be happening and have happened during this plan term but will continue to be expanded on in the 2025 -2027 term. She noted that whenever possible, the Compact and PAs are looking to leverage additional funds to help with the delivery of energy efficiency program offerings.

Margaret Song continued the review of the PowerPoint.

Margaret Song reminded the Board that in 2022 through 2024 there have been a variety of budgets that got approved. She stated that the original 2022 through 2024 Plan was submitted with CVEO. However, the Plan was approved without CVEO. She stated that in January 2023, after the legislation allowed for CVEO, it was approved and that increased the budget. She stated that through a subsequent midterm modification (MTM) the Compact increased its budget in both residential and income eligible customer sectors and decreased the commercial and industrial sector budget. She stated that with the changes to the budget you can see what is happening with achieving the 2030 GHG emission reductions goals for the 2022 through 2024 Plan. They have been moving slightly up and down because of the mix that we are seeing in cost versus savings.

Margaret Song reviewed the draft budget for the 2025 through 2027 Plan. She stated that there is an increase in the residential budget due to no cost offerings for moderate income customers and equity work. She stated that there is also an increase in income eligible budgets and the commercial and industrial budget decreases. She stated that the decrease is because the Compact has not seen an uptake in heat pumps in commercial buildings.

Margaret Song reviewed the budget on a year-to-year basis. She stated that the budgets tend to increase from year to year because we do think that there is going to be a steady uptick of adoption of weatherization and heat pumps as we go.

Margaret Song stated that when we talk about how much people are going to be charged on their bills, it's really about the energy efficiency surcharge (EES). She stated that they have been changing over time due to the Eversource rate case and energy efficiency programs. Once the Compact's MTM is implemented there will likely be a slightly higher EES on July 1st. She stated that for January 2025 the Compact does not know what

the carryover looks like as the year is not close to being over. She stated that we also don't know what several outside funding amounts will be, such as the Forward Capacity Market and the Regional Greenhouse Gas Initiative (RGGI) proceeds. Therefore, those amounts are not embedded in the slide. She stated that we don't know what the distribution costs are so those are all kept constant. She stated that as you can see these are big bill impacts and the Board needs to be aware of what it will cost ratepayers to achieve the Secretary's mandated GHG reduction goals. Maggie Downey stated that a five cent EES is what all the other utility PAs are anticipating, or very close to five cents.

Colin Odell asked how dependent the Plan goals are on market rate customer participation. He also asked if the budget has a commensurate amount of the marketing funds that will be needed to reach these goals. Margaret Song answered that she doesn't have all of those answers today but will get back to the Board. She stated that the Compact is still relying a lot on market rate customers, it's just that more money is being put towards moderate-income customers. She stated that the Compact has a lot of other resources that it is putting towards language access, community access, and marketing. She stated that some of those budgets have increased along with everything else. She stated that the Compact will need some help from the Board to figure out how to use those dollars to motivate customers to install heat pumps. Maggie Downey stated that as a reminder there will be no more incentives for fossil fuels, unless it qualifies as an exemption under state law.

Margaret Song reviewed the bill impacts for residential and small businesses. For residential the average bill will see a 9.5% increase for residential (R1) customers and 9.4% for low-income discount (R2) customers. As for small businesses, it would be an average of 1.8% increase.

Maggie Downey finished the review of the PowerPoint. She stated that as a reminder she will send out the 2025 through 2027 Plan once received on April 1st. She asked the Board to read the executive summary and the residential section because that is where will probably be spending most of our time. She stated that at the April 10th Board meeting we will discuss and begin to formulate comments and questions on the Plan. This will be continued at the May 8th Board meeting. She stated that at the June 5th Board meeting the Board will have to finalize any comments for the EEAC and there will be a potential vote on the Plan.

Tim Carroll joined the meeting at 3:20PM.

**UPDATE ON THE USDA RURAL UTILITIES SERVICE (RUS) RURAL ENERGY SERVICES PROGRAM (RESP):
CAPE LIGHT COMPACT SOLAR LOAN PROGRAM, ERIN O'TOOLE, KO LAW:**

Erin O'Toole reviewed the Rural Utilities Services (RUS) Rural Energy Savings Program (RESP) PowerPoint.

Erin O'Toole stated that the Compact has been working on this program since the Compact submitted its initial application in December 2020 and that the Compact received the documents from RUS a few weeks ago. She stated RUS has set April 30th as the loan closing date. She stated that the Compact is working hard to meet the deadline. She stated that the purpose of RESP is to provide qualified applicants with zero-percent loans to develop or expand energy efficiency financing programs for their members, including solar programs.

Erin O'Toole stated that on March 4th the Compact received draft documents from RUS. She stated that the loan documents need to be customized for the Compact as borrower, and they are commercially reasonable. She stated that the Compact has requested some edits because the documents did not take into account of the Compact's status as a Joint Powers Entity and therefore, it was suggested to remove terminology regarding corporate existence and similar items. She stated that she has a call scheduled with RUS tomorrow to go over the proposed edits. She stated that RUS is also requiring the Compact to obtain a Letter of Credit from Cape

Cod Five to secure the loan. The letter of credit must be 50% of the outstanding balance of the RUS loan. She stated that this is something the Compact has been working on separate from the RUS loan documents. Consistent with its other LOC, Cape Cod 5 will require security for the letter of credit.

Erin O'Toole stated that at the next Board Meeting the Board will be asked to vote on a Resolution required in connection with the RUS loan. Among other things, the resolution will authorize the Compact Administrator to execute the loan documents and perform the actions necessary to implement the loan. She stated that separately, the Board will be asked to vote to clarify and amend the term of the current Joint Powers Agreement to clearly state that it expires in 2046 as the RUS Note runs through 2044.

Erin O'Toole stated that this program will complement the Compact's activities as a Program Administrator of Mass Save but it is funded and implemented independent of the Compact's energy efficiency activities and the 2025-2027 Three-Year Plan. Currently, the Compact plans to announce the program during the summer and market the program in the fall of 2024. She stated that the Compact will continue to work with Cape Cod Five to develop the customer loan documents and program participation documents during the summer. She stated that the Compact is looking do get this completed around Labor Day.

Valerie Bell asked what the administrative costs are and where they come out of. Maggie Downey stated that when the Compact was invited to submit an application, we put together a business plan (spreadsheet) that includes all costs and that these costs are included in the interest rate paid by the borrowers. She reminded the Board that the loan will be fully serviced by the bank.

Tom McNellis stated that he noticed there is security required for the letter of credit. He asked how the Compact is compiling that. Maggie Downey stated that the letter of credit is built into the interest rate, and it is going to be an annual fee of \$22,050.

Gary Senecal asked if there has been any initial work done for the outreach that we are going to do. Maggie Downey stated that there is a work plan, but that was before all these other solar programs were created. She stated that it will have to be updated and she is waiting to see where the other programs fall first before continuing to draft or promote anything.

DISCUSSION AND POTENTIAL VOTE ON THE CAPE LIGHT COMPACT'S RENEWABLE PORTFOLIO STANDARD (RPS) CLASS I STATEMENT OF QUALIFICATION APPLICATION, MARIEL MARCHAND:

Mariel Marchand reviewed the Renewable Portfolio Standard Application: Certification for CVEO PowerPoint.

Mariel Marchand stated that we estimated it would be about \$30,000 a year in revenue. However, that is going to be impacted by how much production there is by the solar PV systems and the price of the RECs. She stated that the first step in registering these systems for RPS is to submit an application to the Department of Energy Resources (DOER).

Mariel Marchand stated that the RPS application requires an authorized representative for the PV systems to submit a certification that demonstrates their authority to submit the application on behalf of the Compact. She stated therefore, essentially, we need a vote from the Board.

Brad Crowell left the meeting at 3:30PM until 3:50PM.

Joyce Flynn moved the Board vote to authorize Compact staff to complete and submit the RPS Class I Statement of Qualification Application to the Massachusetts Department of Energy Resources.

The Compact Administrator is authorized and directed to take all actions necessary or appropriate to implement this vote, and to execute and deliver all documents as may be necessary or appropriate to implement this vote. Seconded by Robert Schofield.

David	Anthony	Barnstable	Yes
Robert	Schofield	Bourne	Yes
Colin	Odell	Brewster	Yes
Brian	Miner	Chatham	Yes
Tim	Carroll	Chilmark	Yes
Brad	Crowell	Dennis	Abstained
Gary	Senecal	Eastham	Yes
Alan	Strahler	Edgartown	Yes
Valerie	Bell	Harwich	Yes
Wayne	Taylor	Mashpee	Yes
Martin	Culik	Orleans	Yes
Nate	Mayo	Provincetown	Yes
Ralph	Vitacco	Sandwich	Yes
Bob	Higgins-Steele	Truro	Yes
Susan	Ryan-Ishkanian	Wellfleet	Yes
Joyce	Flynn	Yarmouth	Yes

Motion carried in the affirmative (15-0-1)

ADMINISTRATOR’S REPORT:

1. MassHousing Grant: Outreach Assistance and Customer Support for Energy Saver Home Loan Program

Maggie Downey stated that she discovered an RFP from Massachusetts Housing a week before the proposals were due. They are looking for customer support and coordination on their program called the Energy Saver Home Loan. She stated that the focus is on low to moderate income homeowners and this program will provide a loan product to fund eligible measures that are not funded through Mass Save. She stated that this is intended to fill gaps. She stated that staff pursued this grant to avoid customer confusion over the many options and programs that are available in the pursuit of decarbonizing your home.

Maggie Downey stated that in the past the Board has directed the Compact to be sort of a one stop shop for decarbonization. Explaining to customers what is out there and what's available to them and not just what is offered through Mass Save, but all the new programs that have been developed. She stated that if awarded it would be a two-year program with an option for an additional three years. She stated that the Compact should know within a week whether or not it has been awarded this program. She stated that the Compact would need to increase staff and there would need to be some database updates if awarded the program. The goal would be to roll out this program after Labor Day. She stated that Nantucket is also included here. They were very excited to participate because they're an underserved population.

2. Electric supply rate for Industrial customers

Maggie Downey reviewed the Power Supply Rates: Industrial Rate Update PowerPoint slide. She stated that from the April to July meter reads the industrial standard rate will be 9.779 cents/kWh. These rates change every three months. Mariel Marchand stated that the Compact has about 10 industrial customers on this rate.

3. Department of Public Utilities – Notice of Road Show Events

Maggie Downey stated that she received a notice from the DPU that they are holding a road show throughout 2024 so they can engage directly with the public. She stated that the notice is in the Board Packet if anyone wants to attend one of the events.

4. Next Board Meeting

Maggie Downey stated that the next Board Meeting will be held on April 10, 2024.

Wayne Taylor left the meeting at 4:10PM.

ADJOURNMENT:

Motion to adjourn made at 4:10PM moved by Colin Odell, seconded by Robert Schofield.

David	Anthony	Barnstable	Yes
Robert	Schofield	Bourne	Yes
Colin	Odell	Brewster	Yes
Brian	Miner	Chatham	Yes
Tim	Carroll	Chilmark	Yes
Brad	Crowell	Dennis	Yes
Gary	Senecal	Eastham	Yes
Alan	Strahler	Edgartown	Yes
Valerie	Bell	Harwich	Yes
Martin	Culik	Orleans	Yes
Nate	Mayo	Provincetown	Yes
Ralph	Vitacco	Sandwich	Yes
Bob	Higgins-Steele	Truro	Yes
Susan	Ryan-Ishkanian	Wellfleet	Yes
Joyce	Flynn	Yarmouth	Yes

Motion carried in the affirmative (15-0-0)

Respectfully submitted,

Melissa Allard

LIST OF DOCUMENTS AND EXHIBITS:

- Meeting Notice/Agenda
- February 28, 2024, Draft Open Session Meeting Minutes

Draft Minutes subject to correction, additions and Committee/Board Approval

- 2025-2027 Energy Efficiency Plan April Draft Review PowerPoint
- Renewable Portfolio Standard Application: Certification for CVEO PowerPoint
- Power Supply Rates: Industrial Rate Update PowerPoint slide
- Department of Public Utilities – Notice of Road Show Events

Draft Minutes subject to correction, addition and Committee/Board Approval

**Agenda Action Request
Cape Light Compact
Meeting Date: 4/10/2024**



- Aquinnah
- Barnstable
- Bourne
- Brewster
- Chatham
- Chilmark
- Dennis
- Dukes County
- Eastham
- Edgartown
- Falmouth
- Harwich
- Mashpee
- Oak Bluffs
- Orleans
- Provincetown
- Sandwich
- Tisbury
- Truro
- Wellfleet
- West Tisbury
- Yarmouth

Vote related to clarifying length of term of JPA

REQUESTED BY: *Maggie Downey*

Proposed Motion(s)

I move the CLC/JPE Board of Directors vote to amend Article XVI of the Second Amended and Restated Joint Powers Agreement to provide certain clarifying language.

Article XVI currently reads “[t]his Agreement shall continue in effect for a term not to exceed twenty-five (25) years” and I move that the following language be added to the end of the current sentence as follows: “; more specifically, the term will end July 21, 2046 unless extended by the Governing Board through an amendment to this Agreement prior to such date.”

The Compact Administrator is authorized and directed to take all actions, and to execute and deliver all document necessary or appropriate to implement this vote.

Additional Information

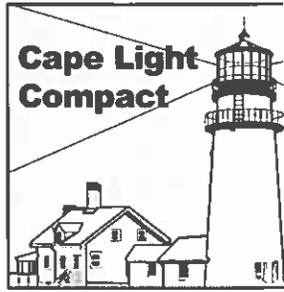
The new sentence regarding term will now read as follows:

This Agreement shall continue in effect for a term not to exceed twenty-five (25) years; more specifically, the term will end July 21, 2046 unless extended by the Governing Board through an amendment to this Agreement prior to such date.

Record of Board Action

Motion by:	Second by:	# Aye	# Nay	# Abstain	Disposition

**Agenda Action Request
Cape Light Compact
Meeting Date: 4/10/2024**



- Aquinnah*
- Barnstable*
- Bourne*
- Brewster*
- Chatham*
- Chilmark*
- Dennis*
- Dukes County*
- Eastham*
- Edgartown*
- Falmouth*
- Harwich*
- Mashpee*
- Oak Bluffs*
- Orleans*
- Provincetown*
- Sandwich*
- Tisbury*
- Truro*
- Wellfleet*
- West Tisbury*
- Yarmouth*

Resolutions Authorizing Execution and Implementation of RUS Loan Documents and Related Matters

REQUESTED BY: *Maggie Downey*

Proposed Motion(s)

I move the CLCJPE Board of Directors vote to adopt the attached resolutions.

The Compact Administrator, Treasurer and Secretary are authorized and directed to take all actions, and to execute and deliver all documents necessary or appropriate to implement this vote and the attached resolutions.

Additional Information

Resolutions required by the Rural Utilities Service (RUS) to enter into loan documents associated with the Rural Energy Savings Program (RESP); see KO PowerPoint for information on loan documents.

Record of Board Action

Motion by:	Second by:	# Aye	# Nay	# Abstain	Disposition

RESOLUTIONS

1. RESOLVED that the Cape Light Compact JPE/Borrower borrow from the United States of America ("Government"), acting through the Administrator of the Rural Utilities Service ("RUS"), an amount not to exceed \$4,900,000.00 ("Loan"), for financial assistance pursuant to the Rural Energy Savings Program ("RESP"); and

2. RESOLVED that the Borrower accept the terms and conditions that the Administrator of RUS has established for the RESP loan as set forth in the forms of RUS Loan Contract, Note, Security Agreement, and Deposit Account Control Agreement(s) (collectively, the "Loan Documents") submitted to the Board of Directors at this regular meeting; and

3. RESOLVED that the Cape Light Compact JPE Administrator is authorized and directed on behalf of the Borrower to execute and deliver in as many counterparts as is deemed advisable, which the secretary is directed to attest:

- (a) the Loan Contract;
- (b) the Note payable to RUS in the principal amount of \$4,900,000.00, substantially in the form of the Note submitted to this meeting;
- (c) the Security Agreement(s) by and between the Borrower and the Government, which, among other things, pledges the Borrower's Energy Efficiency Account and Loan Funds Account (all as further defined in the Security Agreement(s)) to secure the Note payable to the Government;
- (d) Deposit Account Control Agreements for the Energy Efficiency Account and the Loan Funds Account; and
- (e) the form of an irrevocable, renewable standby letter of credit in favor of RUS securing the payment of sums due to RUS on account of the Loan in the amount of 50% of the first advance and thereafter to be maintained in accordance with the Loan Documents.

4. RESOLVED that the Cape Light Compact JPE Administrator and such other officers of the Borrower as may be designated by her, are authorized and directed on behalf of the Borrower to take such other actions, execute such other instruments, and make all such payments as may be necessary or appropriate in order to carry out the purposes and intent of the foregoing resolutions.

5. RESOLVED, that the Cape Light Compact JPE Administrator is authorized and directed on behalf of the Borrower to amend the loan documents listed in #3 above as the JPE Administrator deems necessary or desirable, and that that the Cape Light Compact JPE Administrator and such other officers or staff of the Borrower as may be designated by the Cape Light Compact JPE Administrator are authorized and directed to take all action that is necessary or desirable to effectuate and implement such loan documents.



RURAL UTILITIES SERVICE (RUS) RURAL ENERGY SAVINGS PROGRAM (RESP)

OVERVIEW OF RUS LOAN DOCUMENTS

KEY TERMS

- ▶ Purpose of RESP is to provide qualified applicants with zero-percent loans to develop or expand energy efficiency financing programs for their members.

- ▶ Loan terms offered by RUS:
 - ▶ Amount of Loan: \$4,900,000
 - ▶ Interest Rate: Zero percent
 - ▶ Use of Loan Proceeds: To make loans to qualified consumers to implement energy efficiency measures.
 - ▶ Customer Loans: The Compact can re-lend the loan proceeds at up to 5 percent interest to program participants.

KEY LOAN DOCUMENTS

1. Loan Contract and Schedule 1
2. Security Agreement and Financing Statement
3. Note
4. Deposit Account Control Agreement (for Energy Efficiency Account)
5. Deposit Account Control Agreement (for Loan Funds Account)
6. Borrower's Legal Opinion
7. Secretary's Certificate (with Board resolutions)

LOAN CONTRACT

- ▶ Main loan document; contains commercially reasonable terms.
- ▶ Parties: Compact and RUS.
- ▶ Key terms address payments, interest rate, advances, conditions of lending and the purposes of the loan.
- ▶ The Loan Contract contains standard representations and warranties; affirmative and negative covenants, and events of default.

SECURITY AGREEMENT AND FINANCING STATEMENT

- ▶ Parties: Compact and RUS
- ▶ Agreement is required to make sure that loan and note are secured.
- ▶ Collateral/Pledged Property is the funds held in two loan related accounts, the Energy Efficiency Program Account and Loan Funds Account.
- ▶ Financing statement will be filed with MA SOS to put third parties on notice of the security interest.

DEPOSIT ACCOUNT CONTROL AGREEMENT (for Energy Efficiency Account)

- ▶ Parties: Compact, RUS and Cape Cod Five.
- ▶ This Agreement is another form of security agreement under the Loan Agreement; standard form of agreement that meets the requirements of Uniform Commercial Code.
- ▶ The Compact can make disbursements from the account in accordance with the Loan Contract. RUS can take exclusive control of the funds in the deposit account.
- ▶ The funds in this account are the revenues received by the Compact from loan customers for repayment of loans (related provision in Loan Contract is Section 5.11).

DEPOSIT ACCOUNT CONTROL AGREEMENT (for Loan Funds Account)

- ▶ Identical to other Deposit Account Control Agreement; same parties.
- ▶ The funds in this account are the funds advanced to the Compact by RUS.
- ▶ Key related provision in Loan Contract is Section 5.11.

NOTE

- ▶ The Note is in the amount of \$4,900,000.
- ▶ The Note is made by the Compact in favor of RUS.
- ▶ The maturity date is April 30, 2044.



BORROWER'S LEGAL OPINION

- ▶ Opinion is given by KO Law, P.C. as Compact's counsel.
- ▶ Opinion is fairly standard for a loan transaction.
- ▶ Among other things, opinions are given as to:
 - ▶ The Compact's legal status.
 - ▶ Execution and delivery of loan documents are in accordance with the Compact's organizational documents and applicable law.
 - ▶ The form of financing statement.
 - ▶ No pending litigation.
 - ▶ Compact has obtained the Letter of Credit.

SECRETARY'S CERTIFICATE with Board Resolutions

- ▶ Secretary will attest as to certain votes taken at the meeting.
- ▶ Resolutions will address the Compact's acceptance of the loan terms and the Compact's Administrator's authority to execute and implement the loan documents.

OTHER BOARD VOTE RELATED TO LOAN

- ▶ A Board vote will be taken to clarify/amend the term of the current Joint Powers Agreement to clearly state that it expires in 2046 as the RUS Note runs through 2044.

- ▶ The Second Amended and Restated JPA reads as follows:

This Agreement shall continue in effect for a term not to exceed twenty-five (25) years.

- ▶ The Third Amended and Restated JPA will add to that sentence as follows:

more specifically, the term will end July 21, 2046 unless extended by the Governing Board through an amendment to this Agreement prior to such date.

NEXT STEPS

- ▶ Compact Administrator and counsel will work on finalizing the loan documents.
- ▶ Compact, counsel and Cape Cod Five will work on customer loan and program agreements over the summer.
- ▶ In early fall, the Compact will launch the program.
- ▶ Once a certain level of demand is met, Compact will request the initial loan advance and the Letter of Credit will be issued.

QUESTIONS

► Contact:

Erin M. O'Toole, Esq.

KO Law, P.C.

eotoole@kolawpc.com

617.584.8338



KEY LOAN DOCUMENTS

- Doc.# 1. Loan Contract and Schedule 1
- Doc.# 2. Security Agreement and Financing Statement
- Doc.# 3. Note
- Doc.# 4. Deposit Account Control Agreement (for Energy Efficiency Account)
- Doc.# 5. Deposit Account Control Agreement (for Loan Funds Account)
- Doc.# 6. Borrower's Legal Opinion
- Doc.# 7. Secretary's Certificate (with Board resolutions)

Document #1 on Slide #3 of Presentation

RUS PROJECT DESIGNATION:
Massachusetts 26-A50 Barnstable

LOAN CONTRACT

An Agreement Made By And Between

CAPE LIGHT COMPACT JPE,
Borrower

And

UNITED STATES OF AMERICA,
as Lender

Dated as of April 30, 2024

UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL UTILITIES SERVICE

LOAN CONTRACT

This **LOAN CONTRACT**, dated as of April 30, 2024 (“this Loan Contract”), is by and between **CAPE LIGHT COMPACT JPE** (together with any successors and assigns, the “Borrower”), a governmental entity organized and existing under the laws of the Commonwealth of Massachusetts pursuant to G.L. c. 40, Section 4A½ (the Joint Powers Statute) as a joint powers entity (JPE), in the ~~Commonwealth State~~ of Massachusetts (hereinafter called the “State”), and the **UNITED STATES OF AMERICA** (the “Government”), acting by and through the Administrator (together with any person succeeding to the powers and rights of the Administrator with respect to this Agreement, the “Administrator”), of the Rural Utilities Service (together with any agency succeeding to the power and rights of the Rural Utilities Service with respect to this Loan Contract, the “RUS”).

RECITALS

WHEREAS, to provide loans to qualified consumers for the purpose of implementing Energy Efficiency Measures, the Borrower has applied to RUS for financial assistance under the Rural Energy Savings Program (“RESP”) pursuant the applicable regulations (7 CFR Part 1719) and related funding notices published in the Federal Register (the “RESP Regulations”);

WHEREAS, RUS is willing to extend financial assistance to the Borrower pursuant to Section 6407 of the Farm Security and Rural Investment Act of 2002, as amended, on the terms and conditions stated herein; and

WHEREAS, to secure the Note (defined herein) and certain other indebtedness as described in that certain Pledge and Security Agreement (defined herein).

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants hereinafter contained, the parties hereto agree and bind themselves as follows:

ARTICLE I

DEFINITIONS

The terms defined herein include the plural as well as the singular and the singular as well as the plural. Terms that are not defined herein shall have the meanings as set forth in the RESP Regulations. Accounting terms not defined below are used in this Agreement in their ordinary sense and any computations relating to such terms shall be computed in accordance with the Accounting Requirements.

Accounting Requirements shall mean the requirements of the system of accounts prescribed by RUS in the Loan Commitment Letter so long as RUS is the holder, insurer or guarantor of any Note or in the absence thereof, the requirements of generally accepted

accounting principles acceptable to RUS and applicable to organizations similar to that of the Borrower. Generally accepted accounting principles are those that are either promulgated by an authoritative accounting rulemaking body or accepted as appropriate due to wide-spread application in the United States. The Accounting Requirements also include compliance with the requirements of the applicable regulations: 2 CFR Part 200 (Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards), as adopted by the United States Department of Agriculture through 2 CFR Part 400, and the system of accounting prescribed by 7 CFR Part 1773.

Act shall mean Section 6407 of the Farm Security and Rural Investment Act of 2002, as amended (7 USC §8107a).

Advance or Advances shall mean advances of Loan funds to the Borrower which have been made or approved by RUS pursuant to the terms and conditions of this Agreement.

Agreement shall mean this Loan Contract, together with any and all schedules, exhibits and appendices and also any subsequent amendments, supplements, restatements or consolidations hereto or thereto.

Business Day shall mean any day that the RUS is open for business.

Coverage Ratio Requirement shall have the meaning as defined in Section 5.4 and Schedule 1.

Debt Service Coverage Ratio ("DSC") shall mean the financial ratio calculated on a System basis and determined as follows:

For each calendar year:

- 1.) Add:
 - (i) Total Margins or Net Income of the Borrower,
 - (ii) Interest Charges on Total Long-Term Debt of the Borrower (as applicable)
 - (iii) Principal Payments received from Qualified Applicants on Rural Energy Savings Program loans (hereinafter "RESP Loans"), and
 - (iv) Depreciation and Amortization Expense of the Borrower,
- 2.) And divide the total so obtained by an amount equal to the sum of all payments of principal and applicable interest required to be made on account of Total Long-Term Debt during such calendar year.

(Total Margins or Net Income + Interest Charges on Long Term Debt + Principal Payments received on RESP Loans as a result of relending activity + Depreciation and Amortization Expense) / Total Debt Service Billed.

Depreciation and Amortization Expense shall mean an amount constituting the depreciation and amortization of the Borrower as computed in accordance with Generally Accepted Accounting Principles (GAAP).

Energy Efficiency Measures shall mean structural improvements and investments in cost-effective, commercially available technologies to increase energy efficiency for or at property served by the Qualified Consumer, as previously approved by RUS for funding pursuant to the Loan Commitment Letter. The improvements and investments must be for the purpose of decreasing Qualified Consumers' energy usage or costs.

Energy Efficiency Program shall mean a program set up by a Borrower to provide financing to Qualified Consumers so that they can reduce their energy use or costs by implementing Energy Efficiency Measures.

Event of Default shall have the meaning as defined in Section 7.1.

Financial and Operating Report shall mean, if the Borrower has outstanding RUS Loans made under the RE Act, the version, of any date, which may be specified by RUS as the Financial and Operating Report or any successor thereto which shall have been at the time prescribed for use by RUS; if some other form containing the corresponding information shall at the time be prescribed by RUS, such reference shall apply to the corresponding item in such other form; or, if no such form is applicable to the accounts of the Borrower, such reference shall apply to the corresponding information otherwise determined in a comparable manner.

General Manager shall mean the Cape Light Compact JPE Administrator of the Borrower or the person performing the duties of a chief executive officer if no person holds such title and, in the event of any dispute between the Borrower and the Government as to who is the General Manager, the Administrator may designate a person or position that shall be the General Manager for the purposes of this Agreement.

Independent when used with respect to any specified person or entity means such a person or entity who (1) is in fact independent, (2) does not have any direct financial interests or any material indirect financial interest in the Borrower or in any affiliate of the Borrower and (3) is not connected with the Borrower as an officer, employee, promoter, underwriter, trustee, partner, director or person performing similar functions.

Interest Charged on Long Term Debt shall mean an amount constituting the interest expense of the Borrower as computed in accordance with Generally Accepted Accounting Principles (GAAP).

Laws shall have the meaning defined in Section 2.1(e).

Loan Commitment Letter shall mean that letter dated as of the date referenced on Schedule 1 and notifying the Borrower of the RUS Commitment.

Loan Documents shall mean, collectively, this Agreement, the Security Agreement, the Note and any other related loan documents or documents required by RUS for closing the Loan.

Loan shall mean, collectively, the loan or loans and other obligations described in Article III which are being made pursuant to the RUS Commitment in furtherance of the objectives of the Act.

Multi-Tier Agreement shall mean the Multi-Tier Action Environmental Compliance Agreement submitted with the loan application and dated as of the date specified in Schedule 1 executed by the Borrower.

Note shall mean the promissory note, payable to RUS, executed and delivered to RUS, to evidence the Borrower's obligation to repay the Loan and all amendments, supplements, substitutions, extensions and replacements to, of or for such Note.

Pledged Property shall have the meaning as defined in the Security Agreement.

Principal Payments Received on RESP Loans shall mean those payments of principal from Qualified Consumers as a result of relending activity from the Energy Efficiency Program.

Qualified Consumer shall mean a consumer implementing durable cost-effective energy efficiency measures and served by the Borrower that has the ability to repay a loan made by the Borrower under an Energy Efficiency Program, as outlined in the RESP Regulations.

RE Act shall mean the Rural Electrification Act of 1936, as amended (7 USC §901, *et seq.*).

RUS Commitment shall mean the commitment by RUS for a Loan in the amount as reflected on Schedule 1.

RUS Loans shall mean any loans made or guaranteed pursuant to the RE Act.

RESP Regulations is defined in the recitals.

Security Agreement shall mean the Security Agreement and Financing Statement, dated as of the date specified in Schedule 1 by and between the Borrower and the Government, as it may supplemented, amended, consolidated, or restated from time to time.

Special Advance means an advance, in the amount stated on Schedule 1, not to exceed four percent (4%) of the RUS Commitment to defray the startup costs of establishing a new Energy Efficiency Program or modifying existing programs to carry out the purposes of the Act.

Special Construction Account shall have the meaning as defined in Section 5.11 and is also known as the Loan Funds Account.

System shall mean the Borrower, as defined in the first paragraph of this Agreement.

Total Margins or Net Income shall mean an amount constituting the total margins or net income of the Borrower as computed in accordance with Generally Accepted Accounting Principles (GAAP).

ARTICLE II

REPRESENTATIONS AND WARRANTIES

Section 2.1. Representations and Warranties.

To induce RUS to make the Loan, and recognizing that RUS is relying hereon, the Borrower represents and warrants as follows:

- (a) Organization; Power, Etc. The Borrower: (i) is duly organized, validly existing, and in good standing under the laws of its state of organization; (ii) is a joint powers entity, a governmental entity described in G.L. c. 40, Section 4A1/2-; (iii) has all requisite organizational and legal power to own and operate its assets and to carry on its activities and to enter into and perform the Loan Documents; (iv) has duly and lawfully obtained and maintained all licenses, certificates, permits, authorizations, approvals, and the like which are material to the conduct of its operations or which may be otherwise required by law; and (v) is eligible to obtain the financial assistance from RUS contemplated by this Agreement.
- (b) Authority. The execution, delivery and performance by the Borrower of this Agreement and the other Loan Documents and the performance of the transactions contemplated hereby and thereby have been duly authorized by all necessary organizational action and shall not violate any provision of law or of the organizational documents of the Borrower or result in a breach of, or constitute a default under, any agreement, indenture or other instrument to which the Borrower is a party or by which it may be bound.
- (c) Consents. No consent, permission, authorization, order, or license of any governmental authority is necessary in connection with the execution, delivery, performance, or enforcement of the Loan Documents, except such as have been obtained and are in full force and effect.
- (d) Binding Agreement. Each of the Loan Documents is, or when executed and delivered shall be, the legal, valid, and binding obligation of the Borrower, enforceable in accordance with its terms, subject only to limitations on enforceability imposed by applicable bankruptcy, insolvency, reorganization, moratorium, similar laws affecting creditors' rights generally, or applicable municipal finance laws.

- (e) Compliance with Laws. The Borrower is in compliance in all material respects with all federal, state, and local laws, rules, regulations, ordinances, codes, and orders (hereinafter collectively called "Laws"), the failure to comply with which could, or is likely to have a material adverse effect on the condition, financial or otherwise, operations, properties, or activities of the Borrower, or on the ability of the Borrower to perform its obligations under the Loan Documents, except as the Borrower has disclosed to RUS in writing.
- (f) Litigation. There are no pending legal, arbitration, or governmental actions or proceedings to which the Borrower is a party or to which any of its property is subject which, if adversely determined, could have a material adverse effect on the condition, financial or otherwise, operations, properties, profits or activities of the Borrower, or on the ability of the Borrower to perform its obligations under the Loan Documents, and to the best of the Borrower's knowledge, no such actions or proceedings are threatened or contemplated, except as the Borrower has disclosed to RUS in writing. [Note to RUS: The following is the disclosure that is routinely made in the Compact's annual audit letter regarding litigation]

The Compact is involved in a significant number of regulatory dockets including adjudicatory proceedings, mostly before the Massachusetts Department of Public Utilities ("DPU"). These proceedings have a substantial impact upon how the Compact does business and the financial resources available to it, both in its power supply/consumer advocacy activities and in its role as Program Administrator for state authorized energy efficiency services in its territory. We do not consider these proceedings (nor judicial appeals thereof, if any) to be pending or threatened litigation.

Should the foregoing go into a disclosure schedule?

- (g) Title to Property. As to property which is presently included in the description of Pledged Property, such property is free and clear of any lien except Permitted Encumbrances or liens permitted under the Security Agreement.
- (h) Statements in Application; No Material Adverse Change; Etc. All statements submitted to RUS in connection with the Loan or in connection with this Agreement fairly and fully present the condition of the Borrower and the results of the Borrower's operations for the periods covered thereby and the financial statements are prepared in accordance with Accounting Requirements consistently applied. Since the dates thereof, there has been no material adverse change in the financial condition or operations of the Borrower.

- (i) Principal Office; Records. The principal place of operations and chief executive office of the Borrower is at the address of the Borrower shown on Schedule 1.
- (j) Location of Properties. All property owned by the Borrower is located in the State(s) as listed on Schedule 1.
- (k) Subsidiaries. The Borrower has no subsidiaries, except as listed on Schedule 1.
- (l) Defaults Under Other Agreements. The Borrower is not in default under any agreement or instrument to which it is a party or under which any of its properties are subject that is material to its financial condition, operations, properties, profits, or activities.

Section 2.2. Survival.

All representations and warranties made by the Borrower herein or made in any certificate delivered pursuant hereto shall survive the making of the Advances and the execution and delivery to RUS of the Note.

ARTICLE III

LOANS

Section 3.1. Advances.

RUS agrees to make, and the Borrower agrees to request, on the terms and conditions of this Agreement, Advances from time to time in an aggregate principal amount not to exceed the RUS Commitment. On the termination date as reflected in the Note, RUS may stop advancing funds and limit the RUS Commitment to the amount advanced prior to such date. However, under no circumstances shall RUS ever make an advance under the Note, regardless of the applicable Last Day for an Advance (as identified in the Note) or any extension by the Administrator, if such advance would result in RUS obligating or permitting advances of the Loan contrary to the Antideficiency Act, 31 USC §1341. The Fiscal Year of Obligation of the Note is identified in Schedule 1 hereto.

Section 3.2. Special Advance.

The Borrower may request a Special Advance and RUS agrees to make, on the terms and conditions of this Agreement, the RESP Regulations, and the Act, a Special Advance in an aggregate principal amount reflected on Schedule 1. The repayment of the Special Advance will be within the period reflected on Schedule 1 which in no event will extend past the 10-year period beginning on the date on which the Special Advance is made or the Final Maturity as defined in the Note.

Section 3.3. Interest Rate and Payment.

The Note shall be payable and bear interest as follows:

- (a) Payments and Amortization. Principal shall be amortized in accordance with the method more fully described in the form of Note.
- (b) Application of Payments. All payments which the Borrower sends to RUS on any outstanding obligation owed to RUS shall be applied in the manner provided in the Loan Documents to which such payments relate and in a manner consistent with RUS policies, practices, and procedures for obligations that have been similarly classified by RUS.
- (c) Electronic Funds Transfer. Except as otherwise prescribed by RUS, the Borrower shall make all payments on the Note utilizing electronic funds transfer procedures as specified by RUS.
- (d) Zero Percent Interest Rate. The Note shall bear interest at a zero percent (0%) interest rate in accordance with the Note.

Section 3.4. Prepayment.

The Borrower has no right to prepay the Note in whole or in part except such rights, if any, as are expressly provided for in the Note.

Section 3.5. Loan Purposes.

The proceeds of the Loan shall be used to finance loans to Qualified Consumers for the purpose of implementing an Energy Efficiency Program as provided in the Act and the RESP Regulations.

Section 3.6. Limitation on Advances under the RESP Program.

The collective amount of all Advances in a single year must not exceed 50 percent of the RUS Commitment. If any loan funds received under the RUS Commitment are not loaned by the Borrower to Qualified Consumers within one year as provided in Section 5.22, the Borrower will not be eligible to receive further Advances under the RUS Commitment until providing evidence, satisfactory to RUS, that the loan funds from a previous Advance have been fully loaned to Qualified Consumers or returned to RUS as a payment on outstanding debt.

ARTICLE IV

CONDITIONS OF LENDING

Section 4.1. General Conditions for Initial Advance.

The obligation of RUS to approve and make the initial Advance under the Note is subject to satisfaction of each of the following conditions precedent on or before the date of such Advance:

- (a) Legal Matters. That all legal matters incident to the consummation of the transactions hereby contemplated shall be satisfactory to counsel for RUS.
- (b) Loan Documents. That RUS receive duly executed originals of this Agreement and the other Loan Documents.
- (c) Authorization. That RUS receive evidence satisfactory to it that all institutional documents and proceedings of the Borrower necessary for duly authorizing the execution, delivery and performance of the Loan Documents have been obtained and are in full force and effect.
- (d) Approvals. That RUS receive evidence satisfactory to it that all consents and approvals (including without limitation the consents referred to in Section 2.1(c)) which are necessary for, or required as a condition of, the validity and enforceability of each of the Loan Documents have been obtained and are in full force and effect.
- (e) Event of Default. That no Event of Default specified in Article VII and no event which, with the lapse of time or the notice and lapse of time specified in Article VII would become such an Event of Default, shall have occurred and be continuing, or shall have occurred after giving effect to the Loans or RUS Loans on the books of the Borrower.
- (f) Continuing Representations and Warranties. That the representations and warranties of the Borrower contained in this Agreement be true and correct on and as of the date of such assumption as though made on and as of such date.
- (g) Opinion of Counsel. That RUS receive an opinion of counsel (who shall be acceptable to RUS) for the Borrower in form and content acceptable to RUS.
- (h) Filing of Security Agreement and related Security Documents. That the Security Agreement and other instruments of further assurance, including all financing statements covering security interests in personal property, are recorded, registered and filed, all in such manner and in such places as may be required by law to fully preserve and protect the rights of RUS under the Security Agreement to all property comprising Pledged Property, including after acquired property, and such other places as RUS shall have requested,

all in accordance with applicable law, and the Borrower shall have caused satisfactory evidence thereof to be furnished to RUS.

- (i) Requisitions. That the Borrower shall requisition all Advances by submitting its requisition to RUS in form and substance satisfactory to RUS. Requisitions shall be made only for the purpose(s) set forth herein. The Borrower agrees to apply the proceeds of the Advances in accordance with its loan application with such modifications as may be mutually agreed.

Section 4.2. Special Conditions for Initial Advance.

The obligation of RUS to make the initial Advance under the Note is subject to satisfaction of each of the conditions precedent on or before the date of such Advance, as set forth in Schedule 1 attached hereto.

Section 4.3. Conditions for Advances under the RESP Program.

The obligation of RUS to approve and make any Advance under the Note is subject to the Borrower having provided evidence to RUS, in form and substance satisfactory to RUS, that each of the following conditions precedent have been met on or before the date of such Advance:

~~A.)~~—The Borrower has adopted written procedures for the Borrower's Energy Efficiency Program that will 1.) Minimize the time elapsing between the transfer of the loan funds from RUS and their disbursement to the Qualified Consumer; and 2.) The requests for Advances made by the Borrower are limited to the minimum amounts needed and timed to be in accordance with the actual immediate cash needs to carry out the Energy Efficiency Measures. ~~[Note: Does RUS have model/exemplar procedures that is can share?]~~

A.)

- B.) Each loan made by the Borrower under its Energy Efficiency Program to a Qualified Consumer may not exceed a term of 10 years.
- C.) Funds from the RUS Commitment must not be used to finance the purchase or modification of personal property unless the personal property is or becomes attached to real property (including a manufactured home) as a fixture.
- D.) The RESP loan funds only finance such Energy Efficiency Measures outlined in the implementation work plan submitted with the loan application and in compliance with the Multi-Tier Agreement as provided in Section 5.3.

- E.) The Borrower has adopted adequate processes, procedures and methods for recordkeeping and will not commingle loan funds with other sources of funding in the implementation of a Qualified Consumer relending program.
- F.) Except for any Special Advance, the Borrower has provided evidence, in form and substance satisfactory to RUS that it has relented all loan funds from all previous Advances to the Qualified Consumers or has returned such loan funds to RUS.

ARTICLE V

AFFIRMATIVE COVENANTS

Section 5.1. Generally.

Unless otherwise agreed to in writing by RUS, while this Agreement is in effect, the Borrower agrees to duly observe each of the affirmative covenants contained in this Article V.

Section 5.2. Annual Certificates.

- (a) Performance under Loan Documents. The Borrower shall duly observe and perform all of its obligations under each of the Loan Documents.
- (b) Annual Certification. If requested by RUS, within ninety (90) days after the close of each calendar year, commencing with the year following the year in which the Loans hereunder shall have been made, the Borrower shall deliver to RUS a written statement signed by its General Manager, stating that during such year the Borrower has fulfilled all of its obligations under the Loan Documents in all material respects. If there has been a default in the fulfillment of any such obligations, the Borrower shall deliver to RUS a written statement signed by its General Manager within 30 days of such default or defaults specifying each such default known to said person and the nature and status thereof.

Section 5.3. Environment.

The Borrower shall comply with all terms and conditions set forth in the Multi-Tier Agreement and all other applicable environmental requirements imposed by federal or state statutes or regulations. In addition to the Remedies available under this Agreement, failure by the Borrower to meet the requirements set forth

in the Multi-Tier Agreement and the applicable regulations will result in the penalties outlined in the Multi-Tier Agreement and the applicable regulations.

Section 5.4. Financial Test Requirements.

The Borrower shall meet such financial test requirements and Coverage Ratio Requirement as shall be set forth on Schedule 1 **Note: We don't see this on Schedule 1.** If the Borrower has outstanding RUS Loans made under the RE Act, the Borrower will continue to be required to comply with those Coverage Ratio Requirements set forth in the Loan Documents for such outstanding RUS Loans.

Section 5.5. Property Maintenance.

The Borrower shall operate, maintain and preserve the Pledged Property in compliance with the provisions of the Security Agreement and RESP Regulations and in all material respects with all applicable Laws.

Section 5.6. Financial Books.

The Borrower shall at all times keep, and safely preserve, proper books, records and accounts in which full and true entries shall be made of all of the dealings, activities and affairs of the Borrower and its Subsidiaries, in accordance with any applicable Accounting Requirements.

Section 5.7. Rights of Inspection.

The Borrower shall afford RUS, through its representatives, reasonable opportunity, at all times during business hours and upon prior notice, to have access to and the right to inspect the Pledged Property as defined in the Security Agreement, and any or all books, records, or accounts relating thereto including electronic mail messages, regardless of the physical form or characteristics, and any and all invoices, contracts, leases, payrolls, canceled checks, statements and other documents and papers of every kind belonging to, controlled by, or in the possession of the Borrower or in any way pertaining to the Pledged Property, and to make copies or extracts therefrom.

Section 5.8. Nondiscrimination.

- (a) Equal Opportunity Provisions in Construction Contracts. The Borrower shall incorporate or cause to be incorporated into any construction contract, as defined in Executive Order 11246 of September 24, 1965 and implementing regulations, which is paid for in whole or in part with funds

obtained from RUS or borrowed on the credit of the United States pursuant to a grant, contract, loan, insurance or guarantee, or undertaken pursuant to any RUS program involving such grant, contract, loan, insurance or guarantee, the equal opportunity provisions set forth in Exhibit A hereto entitled Equal Opportunity Contract Provisions.

- (b) Equal Opportunity Contract Provisions Also Bind the Borrower. The Borrower further agrees that it shall be bound by such equal opportunity clause in any federally assisted construction work which it performs itself other than through the permanent work force directly employed by an agency of government.
- (c) Sanctions and Penalties. The Borrower agrees that it shall cooperate actively with RUS and the Secretary of Labor in obtaining the compliance of contractors and subcontractors with the equal opportunity clause and the rules, regulations and relevant orders of the Secretary of Labor, that it shall furnish RUS and the Secretary of Labor such information as they may require for the supervision of such compliance, and that it shall otherwise assist the administering agency in the discharge of RUS's primary responsibility for securing compliance. The Borrower further agrees that it shall refrain from entering into any contract or contract modification subject to Executive Order 11246 with a contractor debarred from, or who has not demonstrated eligibility for, Government contracts and federally assisted construction contracts pursuant to Part II, Subpart D of Executive Order 11246 and shall carry out such sanctions and penalties for violation of the equal opportunity clause as may be imposed upon contractors and subcontractors by RUS or the Secretary of Labor pursuant to Part II, Subpart D of Executive Order 11246. In addition, the Borrower agrees that if it fails or refuses to comply with these undertakings RUS may cancel, terminate or suspend in whole or in part this contract, may refrain from extending any further assistance under any of its programs subject to Executive Order 11246 until satisfactory assurance of future compliance has been received from such Borrower, or may refer the case to the Department of Justice for appropriate legal proceedings.

Section 5.9. Financial Reports.

The Borrower shall cause to be prepared and furnished to RUS full and complete monthly, if required, and annual reports of the financial condition of the Borrower, including if applicable, the Financial and Operating Report, in form and substance satisfactory to RUS. The Borrower shall also furnish to RUS from time to time such other reports concerning the financial condition or operations of the Borrower, including subsidiaries, as RUS may reasonably request or applicable Regulations require.

Section 5.10. Miscellaneous Reports and Notices.

The Borrower shall furnish to RUS:

- (a) Notice of Default. Promptly after becoming aware thereof, notice of: (i) the occurrence of any default; and (ii) the receipt of any notice given pursuant to the Security Agreement with respect to the occurrence of any event which with the giving of notice or the passage of time, or both, could become an “Event of Default” under the Security Agreement.
- (b) Notice of Non-Environmental Litigation. Promptly after the commencement thereof, notice of the commencement of all actions, suits or proceedings before any court, arbitrator, or governmental department, commission, board, bureau, agency, or instrumentality affecting the Borrower which, if adversely determined, could have a material adverse effect on the condition, financial or otherwise, operations, properties or activities of the Borrower, or on the ability of the Borrower to perform its obligations under the Loan Documents.
- (c) Notice of Environmental Litigation. Without limiting the provisions of Section 5.10(b), promptly after receipt thereof, notice of the receipt of all pleadings, orders, complaints, indictments, or other communications alleging a condition that may require the Borrower to undertake or to contribute to a cleanup or other response under laws relating to environmental protection, or which seek penalties, damages, injunctive relief, or criminal sanctions related to alleged violations of such laws, or which claim personal injury or property damage to any person as a result of environmental factors or conditions for which the Borrower is not fully covered by insurance, or which, if adversely determined, could have a material adverse effect on the condition, financial or otherwise, operations, properties or activities of the Borrower, or on the ability of the Borrower to perform its obligations under the Loan Documents.
- (d) Notice of Change of Place of Principal Operations. Promptly in writing, but in no case less than thirty (30) days prior to such change, notice of any change in its name, mailing address, location of its principal place of operations or the office where its records concerning accounts and contract rights are kept.
- (e) Regulatory and Other Notices. Promptly after receipt thereof, copies of any notices or other communications received from any governmental authority with respect to any matter or proceeding which could have a material adverse effect on the condition, financial or otherwise, operations, properties, or activities of the Borrower, or on the ability of the Borrower to perform its obligations under the Loan Documents.

- (f) Material Adverse Change. Promptly, notice of any matter which has resulted or may result in a material adverse change in the condition, financial or otherwise, operations, properties, or activities of the Borrower, or the ability of the Borrower to perform its obligations under the Loan Documents.
- (g) Other Information. Such other information regarding the condition, financial or otherwise, or operations of the Borrower as RUS may, from time to time, reasonably request.

Section 5.11. Loan Funds Account and Energy Efficiency Account.

(a) Loan Funds Account. The Borrower shall hold all moneys advanced to it by RUS hereunder in trust for RUS and shall deposit such moneys promptly after the receipt thereof in an account maintained by the Borrower at a bank or other depository that is insured by the Federal Deposit Insurance Corporation, and subject to a Deposit Account Control Agreement (hereinafter "DACA") substantially in the form attached as Exhibit B to the Security Agreement. Any such account (hereinafter called "**Loan Funds Account**") in which any such moneys shall be deposited shall be designated by the legal name of the Borrower followed by the words "Trustee, Loan Funds Account/Special Construction Account." Moneys in the Loan Funds Account shall be used solely for the loan purposes as outlined in the Loan Contract and in compliance with the Loan Contract and may be withdrawn only upon checks, drafts, or orders signed on behalf of the Borrower and countersigned by an executive officer thereof.

(b) Energy Efficiency Account. The Borrower shall open and maintain an account, into which revenues received by Borrower from Qualified Consumers as repayment of loans made by the Borrower to such Qualified Consumers as part of the Energy Efficiency Program are, and shall be, promptly deposited, and from which all expenses and other disbursements relating to the operation of the Energy Efficiency Program and payments on account of the principal of and interest on the Notes, may be paid, to the extent that such expenses or other disbursements are authorized, and which account shall be pledged to RUS. The Energy Efficiency Program Account shall be opened and maintained by the Borrower at a bank or other depository that is insured by the Federal Deposit Insurance Corporation and shall be subject to a Deposit Account Control Agreement substantially in the form attached as Exhibit B to the Security Agreement.

Section 5.12. Approval of Certain Agreements.

The Borrower shall submit for RUS review, at least 60 days in advance, for RUS' prior written approval, and prior to executing all amendments, modifications, revisions, substitutions, in whole or in part, waivers, or termination to any contractual arrangements listed on Schedule 1 (not applicable).

Section 5.13. Preservation of Legal Existence; Compliance with Laws

The Borrower will at all times, so long as any of the Note shall be outstanding, take or cause to be taken all such action as from time to time may be necessary to preserve its legal existence and to preserve and renew all franchises, rights of way, easements, allowances, permits and licenses now or hereafter granted to or conferred upon it and the Borrower will comply in all material respects with all federal, state, and local laws, rules, regulations, ordinances, codes, and orders the failure to comply with which could have a material adverse effect on the condition, financial or otherwise, operations, properties or activities of the Borrower, or on the ability of the Borrower to perform its obligations under the Security Agreement or this Agreement.

Section 5.14. Maintenance of Pledged Property.

(a) The Borrower will at all times maintain and preserve the Pledged Property in compliance with all applicable laws, regulations and orders,

(b) If in the sole judgment of RUS, the Pledged Property is not being maintained in accordance with paragraph (a) of this Section, RUS may send to the Borrower a written report of needed improvements and the Borrower will upon receipt of such written report promptly undertake to accomplish such improvements.

Section 5.15. Salaries of Directors, Officers and Employees.

The Borrower will not pay its directors, as such, any salaries for their services, except as are provided in the Borrower's Amended and Restated Code of Regulations or such as shall have been approved by RUS; provided that nothing herein contained shall preclude any director from serving the Borrower in any other capacity and receiving compensation therefor. Salaries and wages paid officers and employees shall be reasonable and in conformity with the usual practice of corporations of the size and nature of the Borrower. ~~[Note: See documentation submitted with redlines.]~~

Section 5.16. Further Assurances to Confirm Security.

(a) The Borrower will from time to time upon written demand of RUS make, execute, acknowledge and deliver or cause to be made, executed, acknowledged and delivered all such further instruments of further assurance, and supplemental Security Agreements, financing statements, continuation statements, security agreements, instruments and conveyances as may reasonably be requested by RUS, and take or cause to be taken all such further action as may reasonably be requested by RUS to effectuate the intention of these presents and to provide for the securing and payment of the principal of, interest on, and any and all other amounts payable under the Note equally and ratably according to the terms thereof and for the purpose of fully conveying, transferring and confirming unto

RUS the property hereby conveyed, mortgaged and pledged, or intended so to be, whether now owned by the Borrower or hereafter acquired by it and to reflect the assignment of the rights or interests of any of RUS hereunder or under any Note; provided, however, that nothing in this Section shall be construed as obligating the Borrower pledge additional property or collateral which is not subject to the Security Agreement as of the date hereof. The Borrower will cause the Security Agreement and any and all supplemental Security Agreements and every security agreement, financing statement covering security interests, continuation statement and every additional instrument of further assurance which shall be executed pursuant to the foregoing provisions forthwith upon execution to be promptly recorded, registered and filed and rerecorded and refiled as conveyances and security interests in real and personal property in such manner and in such places as may be required by law or reasonably requested by RUS in order to fully preserve the security for the Note and to perfect and maintain the superior lien of the Security Agreement and all supplemental Security Agreements, and financing statements and to preserve and protect the rights and remedies of RUS hereunder to all property comprising the Pledged Property.

(b) The Borrower hereby irrevocably authorizes RUS at any time and from time to time to file in any jurisdiction any initial financing statements and amendments thereto that list and describe the Pledged Property and contains any other information required by the applicable Uniform Commercial Code for the sufficiency or filing office acceptance of any financing statement or amendment, including, but not limited to, whether the Borrower is an organization, the type of organization and any organizational identification number issued to the Borrower. The Borrower agrees to furnish any such information to RUS promptly upon request. The Borrower also ratifies its authorization for RUS to have filed in any Uniform Commercial Code jurisdictions any initial financing statements or amendments thereto if filed prior to the date hereof.

(c) The Borrower will take all steps required by law, including filing all necessary continuation statements pursuant to applicable Uniform Commercial Code, in order to assure that the lien in favor of RUS remains or becomes perfected, as the case may be, and, in either event, such lien has the priority accorded by the Security Agreement. The Borrower will deliver to RUS every 5 years after the date of this Loan Contract evidence that the Borrower has filed a continuation statement pursuant to the applicable Uniform Commercial Code.

Section 5.17. Organizational Changes.

The Borrower covenants and agrees that it will give RUS thirty (30) days prior to the effective date, written notice of any change in its name, mailing address, or principal place of operations or any change in location of its chief place of operations or the office where its records concerning accounts and contracts are kept or the state of its organization. Subject to the notice requirements below, the Borrower covenants and agrees that it will not, without the prior approval of RUS,

change its type of organization or the jurisdiction of its organization. The Borrower shall give to the RUS (i) notice in writing if it plans to change its legal organization or legal structure, including any subsidiaries of the Borrower or other entities over which the Borrower has control or which have control over the Borrower, and describe in reasonable detail the proposed transaction and (ii) drafts of all material documents to effect such transaction. If the RUS does not notify Borrower by written notice that it objects to the proposed transaction within sixty (60) days (or such shorter period as the parties shall agree to in writing), the transaction shall be deemed approved. In the event RUS notifies the Borrower during such sixty (60) day period of its objection to the proposed transaction, then the Borrower shall not complete the transaction without first obtaining RUS approval.

Section 5.18. Limitations on Loans, Investments and Other Obligations.

If the Borrower has outstanding RUS Loans made under the RE Act, the Borrower will not, without the written approval of RUS, hereafter make any loan or advance to, or make any investment in, or purchase or make any commitment to purchase any stock, bonds, Note or other securities of, or guarantee, assume or otherwise become obligated or liable with respect to the obligations of any person, firm or corporation, except (i) securities or deposits issued, guaranteed or fully insured as to payment by the United States Government or any agency thereof, (ii) Capital Term Certificates or other securities of the National Rural Utilities Cooperative Finance Corporation, (iii) capital credits resulting from the payment for power and energy purchased and actually received from a generating and transmission cooperative of which the Borrower is a member, and (iv) such other loans, deposits, advances, investments and obligations as may from time to time be made, purchased or undertaken by the Borrower.

Section 5.19. Compliance with Laws.

The Borrower shall comply in all material respects with all federal, state, and local laws, rules, regulations, ordinances, codes, and orders the failure to comply with which could have a material adverse effect on the condition, financial or otherwise, operations, properties or activities of the Borrower, or on the ability of the Borrower to perform its obligations under Agreement or the Security Agreement.

Section 5.20. Audit Requirement.

The Borrower shall prepare and furnish to RUS, at least once during each 12 month period, a full and complete report of its financial condition, operations, and cash flows, in form and substance satisfactory to RUS, audited and certified by an independent certified public account, satisfactory to RUS, and accompanied by a report of such audit, in form and substance satisfactory to RUS. Unless otherwise notified by RUS, the Borrower must follow the Policy on Audits for RUS

borrowers in 7 CFR Part 1773 and 2 CFR Part 200, Subpart F Audit Requirements (for purposes of this Agreement, the term "grant recipient" in 2 CFR Part 200 includes the Borrower)".

Section 5.21. Requirements on Relending Loan Funds.

The Borrower shall comply with all requirements set forth in the RESP Regulations for relending loan proceeds to Qualified Consumers for the purpose of implementing an Energy Efficiency Program. The Borrower agrees that it shall provide all loan funds received under the RUS Commitment to Qualified Consumers within one year of receiving such loan funds. If any loan funds received under the RUS Commitment are not loaned by the Borrower to Qualified Consumers within one year, the unused loan funds, and any interest earned on the loan funds, must be returned to RUS and will be applied to the Borrower's outstanding debt. Regarding loans made by the Borrower to the Qualified Consumers with loan funds received under the RUS Commitment, the Borrower further agrees that: i.) such loans may bear interest not to exceed five (5) percent and proceeds from the interest charged may only be used to establish a loan loss reserve and to offset personnel and program costs necessary to carry out the Energy Efficiency Program; ii.) such loans must be to finance Energy Efficiency Measures for the purpose of decreasing energy usage or costs (not just electricity) of the Qualified Consumer by an amount that ensures, to the maximum extent practicable, that a loan term of not more than 10 years will not pose an undue financial burden on the Qualified Consumer; iii.) such loans may not exceed 10 years; iv.) such loans will be repaid through monthly payments to the Borrower for the property for or at which the Energy Efficiency Measures are or will be implemented, unless otherwise approved by RUS; iv.) such loans will be subject to an Energy Audit as specified in the RESP Regulations.

Section 5.22. Requirements for Repayment.

The Borrower agrees that it remains responsible for full repayment of the RUS Commitment pursuant to the terms of the Loan Documents regardless of repayment by the Qualified Consumers of the loans made by the Borrower.

Section 5.23. Performance Reporting.

The Borrower agrees that it shall establish a plan for the measurement and verification of the cost savings provided by the Energy Efficiency Program and shall prepare and furnish to RUS, at least once during each 12 month period, a full and complete report by category in the form and substance of those categories as set forth on Schedule 2 hereto for the purpose of measuring and verifying the performance of the Energy Efficiency Measures.

ARTICLE VI

NEGATIVE COVENANTS

Section 6.1. General.

Unless otherwise agreed to in writing by RUS, while this Agreement is in effect, the Borrower shall duly observe each of the negative covenants set forth in this Article.

Section 6.2. Limitations on Changing Principal Place of Operations.

The Borrower shall not change its principal place of operations or keep property in a State not shown on a schedule to the Security Agreement if the change would cause the lien in favor of RUS to become unperfected or fail to become perfected, as the case may be, unless, prior thereto, the Borrower shall have taken all steps required by law in order to assure that the lien in favor of RUS remains or becomes perfected, as the case may be, and, in either event, such lien has the priority accorded by the Security Agreement.

Section 6.3 RESERVED.

Section 6.4. Limitations on Certain Types of Contracts.

- (a) RESERVED.
- (b) Hereafter without the prior written approval of RUS or in accordance with the applicable RESP Regulations, the Borrower shall not enter into any management contract for the operation of all, or substantially all, of its operations or property, whether or not in writing; provided, however, in the event the Borrower has outstanding RUS Loans made under the RE Act, the Borrower shall not enter into any management contract for the operation of all of its activities, or any portion of its property, whether or not in writing, without first obtaining the prior written approval of RUS or in accordance with the applicable RESP Regulations.

Section 6.5. Limitations on Mergers and Sale, Lease or Transfer of Capital Assets.

- (a) The Borrower shall not, without the prior written approval of RUS, consolidate with, or merge, or sell all or substantially all of its programs or assets, to another entity.
- (b) The Borrower shall not, without the prior written approval of RUS, voluntarily or involuntarily sell, convey or dispose of substantially all of its programs or assets (including, without limitation, any portion of its franchise or service territory) to another entity or person

Section 6.6. Limitations on Using Non-FDIC Insured Depositories.

Without the prior written approval of RUS, the Borrower shall not place the proceeds of the Loans or any loan which has been made or guaranteed by RUS in the custody of any bank or other depository that is not insured by the Federal Deposit Insurance Corporation or other federally insured agency acceptable to RUS.

Section 6.7. Historic Preservation.

The Borrower shall not, without approval in writing by RUS, use any portion of the Loan to construct any facilities which shall involve any district, site, building, structure or object which is included in, or eligible for inclusion in, the National Register of Historic Places maintained by the Secretary of the Interior pursuant to the Historic Sites Act of 1935 and the National Historic Preservation Act of 1966.

Section 6.8. Limitations on Additional Indebtedness.

The Borrower shall not incur, assume, guarantee or otherwise become liable in respect of any secured debt for borrowed money without the prior written consent of RUS if such secured debt would result in any lien on the Pledged Property.

Section 6.9. Impairment of Contracts Pledged to RUS.

The Borrower shall not breach any obligation to be paid or performed by the Borrower on any contract, or take any action which is likely to impair the value of any contract, which has been pledged as security to RUS by the Borrower or any other entity.

Section 10. Energy Efficiency Measures.

The Borrower will not make any revisions to the list of Energy Efficiency Measures without prior written approval by RUS.

ARTICLE VII

EVENTS OF DEFAULT

Section 7.1. Events of Default.

The following shall be Events of Default under this Agreement:

- (a) Representations and Warranties. Any representation or warranty made by the Borrower in Article II hereof or any certificate furnished to RUS hereunder or under the Security Agreement shall prove to have been incorrect in any material respect at the time made and shall at the time in question be untrue or incorrect in any material respect and remain uncured;
- (b) Payment. Default shall be made in the payment of or on account of interest on or principal of the Note or on any other Loans or RUS Loans or obligations owed to the Government when and as the same shall be due and payable, whether by acceleration or otherwise, which shall remain unpaid for five (5) Business Days after written notice thereof shall have been received by the Borrower.
- (c) Other Covenants. Default by the Borrower in the observance or performance of any other covenant or agreement contained in any of the Loan Documents, which shall remain unremedied for sixty (60) calendar days after written notice thereof shall have been given to the Borrower by RUS;
- (d) Legal Existence. The Borrower, shall forfeit or otherwise be deprived of its charter, franchises (except as a result of legislation permitting retail competition), permits, easements, consents or licenses required to carry on any material portion of its activities as a municipal aggregator;
- (e) Other Obligations. Default by the Borrower in the payment of any obligation, whether direct or contingent, for borrowed money or in the performance or observance of the terms of any instrument pursuant to which such obligation was created or securing such obligation
- (f) Bankruptcy. A court having jurisdiction in the premises shall enter a decree or order for relief in respect of the Borrower in an involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official, or ordering the winding up or liquidation of its affairs, and such decree or order shall remain unstayed and in effect for a period of sixty (60) consecutive days or the Borrower shall commence a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or under any such law, or consent to the appointment or taking possession by a receiver, liquidator, assignee, custodian or trustee, of a substantial part of its property, or make any general assignment for the benefit of creditors; and
- (g) Dissolution or Liquidation. Other than as provided in the immediately preceding subsection, the dissolution or liquidation of the Borrower, or failure by the Borrower promptly to forestall or remove any execution,

garnishment or attachment of such consequence as shall impair its ability to continue its operations or fulfill its obligations and such execution, garnishment or attachment shall not be vacated within sixty (60) days. The term "dissolution or liquidation of the Borrower", as used in this subsection, shall not be construed to include the cessation of the legal existence of the Borrower resulting either from a merger or consolidation of the Borrower into or with another corporation following a transfer of all or substantially all its assets as an entirety, under the conditions permitting such actions.

ARTICLE VIII

REMEDIES

Section 8.1. Generally.

Upon the occurrence of an Event of Default, RUS may pursue all rights and remedies available to RUS that are contemplated by this Agreement or the Security Agreement in the manner, upon the conditions, and with the effect provided in this Agreement or the Security Agreement, including, but not limited to, acceleration, a suit for specific performance, injunctive relief or damages. Nothing herein shall limit the right of RUS to pursue all rights and remedies available to a creditor following the occurrence of an Event of Default listed in Article VII hereof. Each right, power and remedy of RUS shall be cumulative and concurrent, and recourse to one or more rights or remedies shall not constitute a waiver of any other right, power or remedy.

Section 8.2. Suspension of Advances.

In addition to the rights, powers and remedies referred to in the immediately preceding Section, RUS may, in its absolute discretion, suspend making Advances hereunder if (i) any Event of Default, or any occurrence which with the passage of time or giving of notice would be an Event of Default, occurs and is continuing; (ii) there has occurred a change in the operations or condition, financial or otherwise, of the Borrower which in the opinion of RUS materially and adversely affects the Borrower's ability to meet its obligations under the Loan Documents, or (iii) RUS is authorized to do so under the Act or RESP Regulations.

ARTICLE IX

MISCELLANEOUS

Section 9.1. Notices.

All notices, requests and other communications provided for herein including, without limitation, any modifications of, or waivers, requests or consents under,

this Agreement shall be given or made in writing (including, without limitation, by telecopy) and delivered to the intended recipient at the "Address for Notices" specified below; or, as to any party, at such other address as shall be designated by such party in a notice to each other party. Except as otherwise provided in this Agreement, all such communications shall be deemed to have been duly given when personally delivered or, in the case of a mailed notice, upon receipt, in each case given or addressed as provided for herein. The Addresses for Notices to the respective parties are as listed in Schedule 1.

Section 9.2. Expenses.

To the extent allowed by law, the Borrower shall pay all costs and expenses of RUS, including reasonable fees of counsel, incurred in connection with the enforcement of the Loan Documents or with the preparation for such enforcement if RUS has reasonable grounds to believe that such enforcement may be necessary.

Section 9.3. Late Payments.

If payment of any amount due hereunder is not received at the United States Treasury in Washington, D.C., or such other location as RUS may designate to the Borrower within five (5) Business Days after the due date thereof or such other time period as RUS may prescribe from time to time in its policies of general application in connection with any late payment charge (such unpaid amount being hereinafter called the "delinquent amount", and the period beginning after such due date until payment of the delinquent amount being hereinafter called the "late-payment period"), the Borrower shall pay to RUS, in addition to all other amounts due under the terms of the Note, the Security Agreement and this Agreement, any late-payment charge as may be fixed by RESP Regulations from time to time on the delinquent amount for the late-payment period.

Section 9.4. Filing Fees.

To the extent permitted by law, the Borrower agrees to pay all expenses of RUS (including the fees and expenses of its counsel) in connection with the filing or recordation of all financing statements and instruments as may be required by RUS in connection with this Agreement, including, without limitation, all documentary stamps, recordation and transfer taxes and other costs and taxes incident to recordation of any document or instrument in connection herewith. Subject to the limitations set forth in Section 9.16. The Borrower agrees to save harmless and indemnify RUS from and against any liability resulting from the failure to pay any required documentary stamps, recordation and transfer taxes, recording costs, or any other expenses incurred by RUS in connection with this Agreement. The provisions of this subsection shall survive the execution and

delivery of this Agreement and the payment of all other amounts due hereunder or due on the Note.

Section 9.5. No Waiver.

No failure on the part of RUS to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof nor shall any single or partial exercise by RUS of any right hereunder preclude any other or further exercise thereof or the exercise of any other right.

Section 9.6. Governing Law.

THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH APPLICABLE FEDERAL LAW AND, IN THE ABSENCE OF CONTROLLING FEDERAL LAW, BY THE LAWS OF THE STATE INDICATED ON SCHEDULE 1, EXCEPT THOSE THAT WOULD RENDER SUCH CHOICE OF LAW INEFFECTIVE.

Section 9.7. Rescission.

The Borrower may elect not to borrow the RUS Commitment in which event RUS shall release the Borrower from its obligations hereunder, provided the Borrower complies with such terms and conditions as RUS may impose for such release and provided also that if the Borrower has any remaining obligations to RUS for RUS Loans made or guaranteed by RUS, RUS may, withhold such release until all such obligations have been satisfied and discharged.

Section 9.8. Successors and Assigns.

This Agreement shall be binding upon and inure to the benefit of the Borrower and RUS and their respective successors and assigns, except that the Borrower may not assign or transfer its rights or obligations hereunder without the prior written consent of RUS.

Section 9.9. Complete Agreement; Waivers and Amendments.

Subject to RESP Regulations, this Agreement and the other Loan Documents are intended by the parties to be a complete and final expression of their agreement. However, RUS reserves the right to waive its rights to compliance with any provision of this Agreement and the other Loan Documents. No amendment, modification, or waiver of any provision hereof or thereof, and no consent to any departure of the Borrower herefrom or therefrom, shall be effective unless approved in writing by RUS in the form of either a RUS Regulation or other writing signed by or on behalf of RUS, and then such waiver or consent shall be

effective only in the specific instance and for the specific purpose for which given.

Section 9.10. Headings.

The headings and sub-headings contained in the titling of this Agreement are intended to be used for convenience only and do not constitute part of this Agreement.

Section 9.11. Severability.

If any term, provision or condition, or any part thereof, of this Agreement, or the Security Agreement shall for any reason be found or held invalid or unenforceable by any governmental agency or court of competent jurisdiction, such invalidity or unenforceability shall not affect the remainder of such term, provision or condition nor any other term, provision or condition, and this Agreement, Note, and the Security Agreement shall survive and be construed as if such invalid or unenforceable term, provision or condition had not been contained therein.

Section 9.12. Right of Setoff.

Upon the occurrence and during the continuance of any Event of Default, RUS is hereby authorized at any time and from time to time, without prior notice to the Borrower, to exercise rights of setoff or recoupment and apply any and all amounts held or hereafter held, by RUS or owed to the Borrower or for the credit or account of the Borrower against any and all of the obligations of the Borrower now or hereafter existing hereunder or under the Note. RUS agrees to notify the Borrower promptly after any such setoff or recoupment and the application thereof, provided that the failure to give such notice shall not affect the validity of such setoff, recoupment or application. The rights of RUS under this Section are in addition to any other rights and remedies (including other rights of setoff or recoupment) which RUS may have. The Borrower waives all rights of setoff, deduction, recoupment or counterclaim.

Section 9.13. Schedules and Exhibits.

Each Schedule and Exhibit attached hereto and referred to herein is each an integral part of this Agreement.

Section 9.14. Authority of Representatives of RUS.

In the case of any consent, approval or waiver from RUS that is required under this Agreement or any other Loan Document, such consent, approval or waiver must be in writing and signed by an authorized RUS representative to be effective. As used in this Section, "authorized RUS representative" means the

Administrator of RUS, and also means a person to whom the Administrator has officially delegated specific or general authority to take the action in question.

Section 9.15. Term.

This Agreement shall remain in effect until one of the following two events has occurred:

- (a) The Borrower and RUS replace this Agreement with another written agreement; or
- (b) All of the Borrower's obligations under the Note and this Agreement, or any other agreement with RUS, have been discharged and paid.

Section 9.16. Indemnification by Borrower of RUS.

To the extent permitted by law (including, but not limited to, the limitations on local powers imposed by the Amendments to the Constitution of the Commonwealth of Massachusetts), the Borrower agrees to ensure and save harmless RUS against any liability or damages which it may incur or sustain in the exercise and performance of their powers and duties hereunder. For such reimbursement and ensurance, the RUS shall be secured under the Security Agreement in the same manner as the Note and all such reimbursements for expense or damages shall be paid to RUS. The Borrower's obligation to ensure RUS under this Section shall survive the satisfaction of the Note, the termination of the Security Agreement, the acceptance of a deed in lieu of foreclosure, or any transfer or abandonment of the Pledged Property.

Section 9.17. Government to Retain Rights as Holder and Pledgee with respect to Note.

At all times when any Note is held by the Government, or in the event the Government shall assign a Note without having insured the payment of such Note, the Security Agreement shall secure payment of such Note for the benefit of the Government or such holder thereof, as the case may be. Whenever any Note may be sold to a purchaser, it shall continue to be considered a "Note" as defined herein, but as to any such Note the Government, and not such purchaser, shall be considered to be, and shall have the rights of, the holder of the Note for purposes of this Agreement and the Security Agreement. Notice of the rights of the Government under the preceding sentence shall be set forth in all such Note.

Section 9.18. Prior Loan Contracts.

This Section shall apply only in the event the Borrower has outstanding RUS Loans made under the RE Act. In the event that the Borrower has outstanding RUS Loans, the Borrower is required to comply with the terms of all previous loan documents, including previous loan contracts by and between the Borrower

and RUS. In the event of a conflict between this Agreement and these prior loan contracts, the terms of the prior loan contracts will control.

(SIGNATURES BEGIN ON NEXT PAGE)

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

CAPE LIGHT COMPACT JPE

By: _____

Name: _____

Title:

Attest: _____

Secretary

[SEAL]

(SIGNATURES CONTINUE ON NEXT PAGE)

(SIGNATURES CONTINUED FROM PREVIOUS PAGE)

UNITED STATES OF AMERICA
Acting by and through the Rural Utilities Service

By: _____

Name: _____

Title: _____

SCHEDULE 1
Massachusetts 26-A50 Barnstable

- 1.) The Loan Commitment Letter is dated as of August 25, 2023.
- 2.) The Pledge and Security Agreement is dated as of April 30, 2024.
- 3.) The Multi-Tier Agreement is dated as of December 15, 2020~~19~~.
- 4.) The RUS Commitment shall be for a loan in the amount of \$4,900,000.00.
- 5.) The Special Advance is N.A.
- 6.) The Principal Office referenced in Section 2.1(h) is

Cape Light Compact JPE
261 Whites Path, Unit 4
South Yarmouth, Massachusetts 02664

- 7.) The property of the Borrower referenced in Section 2.1(j) is located in the ~~Commonwealth~~State of Massachusetts.
- 8.) The Subsidiaries referenced in Section 2.1(i) are: Not Applicable
- 9.) The Fiscal Year of Obligation referred to in Section 3.1 is the Fiscal Year ending: 2024.
- 10.) The Special Conditions for Initial Advance referred to in Section 4.2 are as follows:
 1. RUS has entered into this Loan Contract with the Borrower to make the Borrower a loan of \$4,900,000.00 to finance loans to eligible entities that agree to use the loan funds to make loans to Qualified Consumers for the purpose of implementing durable energy efficiency measures as described in the Energy Efficiency Implementation Work Plan submitted to RUS on December 15, 2020, in support of the Borrower's loan request approved by RUS.
 2. The Borrower has submitted evidence, in form and substance satisfactory to RUS, that the conditions in this Loan Contract have been satisfied to the extent and in the manner prescribed by RUS.
 3. The Borrower has submitted evidence, in form and substance satisfactory to RUS, that the Borrower has duly authorized, executed, and has delivered to RUS this Loan Contract, the Note and applicable security documents in the form and manner prescribed by RUS.
 4. The Borrower has established an Energy Efficiency Program Account (hereinafter the "EEP Account")

subject to a DACA with RUS and a financial institution approved by RUS, said DACA to be in form and substance satisfactory to RUS, which DACA provides RUS with the right to perfect its security interest in the EEP Account upon the assertion by RUS of control over the EEP Account.

5. The Borrower has established a Loan Funds Account (hereinafter "Loan Funds Account") subject to a DACA with RUS and a financial institution approved by RUS, said DACA to be in form and substance satisfactory to RUS, which DACA provides RUS with the right to perfect its security interest in the Loan Funds Account upon the assertion by RUS of control over the Loan Funds Account.

6. The Borrower has obtained an irrevocable, renewable standby letter of credit, said letter of credit to be in form and substance satisfactory to RUS, securing the payment of sums due to RUS on account of the RESP Loan in the amount of 50% of the first advance.

In addition to the above, the release of loan funds is placed under the following conditional requirements and covenants:

1. The Borrower shall provide to RUS, beginning six months after establishing the EEP Account and the Loan Funds Account and every six months thereafter, all monthly bank statements for each six-month period for each of the EEP Account and the Loan Funds Account.

2. The Borrower shall maintain in the EEP Account an amount of not less than 0.50% of the RESP loan portfolio re-lent to Qualified Consumers.

3. The Borrower shall, after the last advance of funds on account of the RESP Loan, for a period of one year, maintain in the Loan Funds Account all RESP Loan funds until it has advanced all such funds to the Qualified Consumers. Any RESP funds unadvanced after the one-year period must be returned to RUS with interest as provided in 7 C.F.R. §1719.S(d)(1)(i).

4. The Borrower shall, after every advance of funds on account of the RESP Loan, maintain the LOC in an amount not less than 50% of the outstanding balance owed to RUS on account of the RESP Loan. The LOC amount shall be adjusted by the Borrower, with the prior written consent of RUS, to maintain the amount at 50% of the outstanding balance on account of the RESP Loan after every advance or every 12-month period, whichever occurs sooner.

5. The Borrower shall, after all funds on account of the RESP Loan are advanced and for the term of the RESP Loan, maintain the LOC in form, substance, and amount satisfactory to RUS.

6. The Borrower shall hold all moneys advanced to it by RUS in the Loan Funds Account in trust for the benefit of RUS until they are disbursed by the Borrower for the purposes set forth in this Loan Contract.

11.) The Addresses for Notices referenced in Section 9.1 are:

As to the Government:

Rural Utilities Service
U.S. Department of Agriculture
Washington, D. C. 20250-1500
Attention: Administrator

Copy to:

Rural Utilities Service
United States Department of Agriculture
Room No. 4121 South
1400 Independence Avenue, S.W.
STOP: 1568
Washington, DC 20250-1568
Attention: Office of Portfolio Management & Risk Assessment

And via electronic mail to: RUSElectric@usda.gov

As to the Borrower:

Cape Light Compact JPE
261 Whites Path, Unit 4
South Yarmouth, Massachusetts 02664
Attention: JPE Administrator

12.) The State referenced in Section 9.6 regarding Governing Law is Massachusetts.

13.) RUS Approval is required as referred to in Section 5.2 to the following Agreements:
NONE.

Document #2 on Slide #3 of Presentation

RUS Project Designation:
Massachusetts 26-A50 Barnstable

SECURITY AGREEMENT AND FINANCING STATEMENT

made by and between

CAPE LIGHT COMPACT JPE

with a mailing address of:

Cape Light Compact JPE
261 Whites Path, Unit 4
South Yarmouth, Massachusetts 02664

and

**UNITED STATES OF AMERICA,
ACTING THROUGH THE ADMINISTRATOR OF
THE RURAL UTILITIES SERVICE,**

having a mailing address of:

U.S. Department of Agriculture
1400 Independence Avenue, SW
Washington, DC 20250-1500
Attention: Administrator

Dated as of April 30, 2024

THE BORROWER'S ORGANIZATIONAL NUMBER IS 82-1239437.
THIS INSTRUMENT CONTAINS PROVISIONS THAT COVER PERSONAL PROPERTY,
ACCOUNTS, REVENUES, AFTER-ACQUIRED PROPERTY, FUTURE ADVANCES AND
FUTURE OBLIGATIONS.
THE TYPES OF PROPERTY COVERED BY THIS INSTRUMENT ARE LISTED ON PAGES
3 THROUGH 4.
THE ADDRESSES AND SIGNATURES OF THE PARTIES TO THIS INSTRUMENT ARE
LISTED ON PAGES 16 THROUGH 17.

- SECTION 1* Definitions
- SECTION 2* Granting Clause; Pledged Property; Perfection of Lien
- SECTION 3* Energy Efficiency Program Account
- SECTION 4* [RESERVED]
- SECTION 5* Loan Funds Account
- SECTION 6* Preservation of Lien
- SECTION 7* Expenditure of Funds in the Loan Funds Account
- SECTION 8* Restrictions on Further Encumbrances on Property
- SECTION 9* Preservation of Legal Existence and Franchise, Compliance with Laws; Limitations on Sale or Merger and Transfers of Capital Assets
- SECTION 10* Maintenance of Pledged Property
- SECTION 11* Further Assurances to Confirm Security of Security Agreement
- SECTION 12* Time Extensions for Payment of Notes
- SECTION 13* Organizational Changes
- SECTION 14* Lender Right to Expend Money to Protect Pledged Property
- SECTION 15* After-Acquired Property; Further Assurances; Recording
- SECTION 16* Security Agreement as Security for Notes; RUS as Holder
- SECTION 17* Compliance with Loan Contract; Notice of Amendments to and Defaults under Loan Contract
- SECTION 18* Authorization
- SECTION 19* Payment of Debt Service on Notes
- SECTION 20* Events of Default

- SECTION 21* Acceleration of Maturity; Annulment of Acceleration
- SECTION 22* Remedies of RUS
- SECTION 23* RUS Appointed Attorney-in-Fact
- SECTION 24* Setoff, Recoupment, and Counterclaims
- SECTION 25* Rights under the Uniform Commercial Code
- SECTION 26* Notice of Default
- SECTION 27* Application of Proceeds from Remedial Actions
- SECTION 28* Remedies Cumulative; No Election
- SECTION 29* Possession until Default
- SECTION 30* Defeasance
- SECTION 31* Security Agreement to Bind and Benefit Successor and Assigns
- SECTION 32* Amendment or Modification
- SECTION 33* Headings
- SECTION 34* Counterpart Execution
- SECTION 35* Notice
- SECTION 36* Severability Cause
- SECTION 37* Indemnification by the Borrower of Lenders
- SECTION 38* Governing Law

SCHEDULE 1

EXHIBIT A – Form of Note

EXHIBIT B – Form of Deposit Account Control Agreements

SECURITY AGREEMENT AND FINANCING STATEMENT

THIS SECURITY AGREEMENT AND FINANCING STATEMENT (this "**Security Agreement**") is dated as of April 30, 2024, by and between **Cape Light Compact JPE**, a governmental entity organized and existing under the laws of the Commonwealth of Massachusetts pursuant to G.L. c. 40, Section 4A½ (the Joint Powers Statute) as a joint powers entity (JPE), in the Commonwealth State of Massachusetts (the "**Borrower**"), and the **United States of America** (the "**Government**"), acting through the Administrator ("**Administrator**") of the Rural Utilities Service ("**RUS**").

WHEREAS, to provide loans to Qualified Consumers for the purpose of implementing Energy Efficiency Measures, the Borrower has applied to RUS for financial assistance under the Rural Energy Savings Program ("RESP") pursuant the applicable regulations (7 CFR Part 1719) and related funding notices published in the Federal Register (the "RESP Regulations");

WHEREAS, RUS is willing to extend financial assistance to the Borrower pursuant to Section 6407 of the Farm Security and Rural Investment Act of 2002, as amended, on the terms and conditions stated herein;

WHEREAS, to provide Energy Efficiency Measures to its customers, the Borrower wishes to borrow funds (hereinafter "**the Loan**" identified in Schedule 1) from RUS, acting through the Administrator of RUS, pursuant to the RESP and the RESP Regulations and also pursuant to the Loan Contract (defined herein);

WHEREAS, in connection with the Loan, the Borrower shall execute and deliver to RUS a duly authorized note identified in Schedule 1 (hereinafter, the "**Note**") and attached hereto as Exhibit A;

WHEREAS, it is contemplated that the Note, as well as any refunding, renewal and substitute notes which may from time-to-time be executed and delivered by the Borrower to RUS (the Note and any such refunding, renewal and substitute notes being hereinafter collectively called the "**Notes**"), shall be secured hereby;

WHEREAS, it is contemplated and agreed by RUS and the Borrower that the Note shall be secured by a pledge of certain accounts and a security interest in certain accounts held by the Borrower;

WHEREAS, the Borrower and RUS are authorized to enter into this Security Agreement;

WHEREAS, all acts, things and conditions prescribed by law and by the organizational documents ~~and by laws~~ of the Borrower have been duly performed and complied with to authorize the execution and delivery of this Security Agreement, a valid and binding agreement in accordance with its terms; and

WHEREAS, to the extent that any of the property described or referred to herein is governed by the provisions of the Uniform Commercial Code (as hereinafter defined), this

Security Agreement is hereby deemed a "security agreement" under the Uniform Commercial Code, and this Security Agreement is also hereby declared to be a "financing statement", for said security agreement under the Uniform Commercial Code. The mailing address of the Borrower, and RUS as secured party, are as set forth on the cover page of this Security Agreement and in Section 36 of this Security Agreement. The Borrower is an organization of the type and organized in the jurisdiction set forth on page 1 hereof. The cover page hereof accurately sets forth the Borrower's organizational identification number or accurately states that the Borrower has none. The Borrower shall also file as a financing statement under the Uniform Commercial Code for said security agreement and for the benefit of RUS, an instrument other than this Security Agreement pursuant to applicable law and such instrument shall be in the form customarily accepted by the filing office as a financing statement;

NOW, THEREFORE, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1 - Definitions

The term "**Energy Efficiency Program Account**" or "**EEP Account**" shall mean an account (1) into which all revenues of the Energy Efficiency Program received by the Borrower are, and shall be, deposited, and from which all expenses and other disbursements relating to the operation of the Energy Efficiency Program and payments on account of principal and interest on the Note may be paid, to the extent that such expenses or other disbursements are authorized, and as further described in Section 3 and (2) into which EEP Account shall be deposited an amount not less than 0.50% of the RESP loan portfolio re-lent to Qualified Consumers. The Borrower shall adjust the amount of funds held in the EEP Account after each advance of loan funds to its qualified consumers based on the amount of the advance.

- (a) The term "**Events of Default**" shall have the meaning specified in Section 21 hereof.
- (b) The term "**Note**" shall mean the note more particularly described in Schedule 1 hereto, heretofore executed and delivered by the Borrower to RUS to evidence obligation to RUS on account of the loan made by RUS.
- (c) The term "**Loan Contract**" shall mean that certain loan agreement executed by and between the Borrower and RUS dated as indicated in Schedule 1, as it may be ***hereafter*** supplemented, amended or restated.
- (d) The term "**Loan Funds Account**" also sometimes referred to as "Special Construction Account" shall mean an account maintained by the Borrower at a bank or other depository that is insured by the Federal Deposit Insurance Corporation into which all funds advanced to the Borrower by RUS on account of the Loan are deposited, such funds to be held in trust for RUS until they are disbursed by the Borrower for the purposes set forth in the Loan Agreement, and which account shall be subject to a Deposit Account Control Agreement.
- (e) [RESERVED].

- (f) [RESERVED].
- (g) The term "**Noteholder**" or "**Noteholders**" shall mean one or more of the holders of Notes secured by this Security Agreement; provided, however, that in the case of any Notes that have been guaranteed or insured as to payment by RUS, as to such Note's Noteholder or Noteholders, shall mean RUS, exclusively, regardless of whether such notes are in the possession of RUS.
- (h) The term "**Permitted Encumbrances**" shall have the meaning given such term in Schedule 1 hereto.
- (i) The term "**Pledged Property**" shall mean the Energy Efficiency Program Account, and the Loan Funds Account;
- (j) The term "**Qualified Consumer**" means a consumer implementing durable cost-effective energy efficiency measures and served by the Borrower that has the ability to repay a loan made by the Borrower under an Energy Efficiency Program, as outlined in the RESP Regulations.
- (k) The term "**this Security Agreement**" shall mean this Security Agreement and Financing Statement, together with all schedules, appendices and exhibits and any subsequent amendments, supplements, consolidations or restatements.

Accounting terms not defined above or in the Loan Contract are used in this Security Agreement in their ordinary sense and any computations relating to such terms shall be computed in accordance with Accounting Requirements. Any capitalized term used but not defined herein shall have the meaning set forth in the Loan Contract.

SECTION 2 - Granting Clause; Pledged Property; Perfection of Lien

In consideration for making the Loan and to secure repayment of the Loan and the Note and to secure the due performance of the covenants, agreements and provisions contained in the Loan Contract and this Security Agreement, and to declare the terms and conditions upon which the Note is to be secured, the Borrower has executed and delivered this Security Agreement, does hereby irrevocably grant, assign, transfer and pledge to RUS, and its successors and assigns, a first and paramount and continuing security interest in all of the Borrower's right, title and interest in the Pledged Property and any and all funds deposited or to be deposited in said accounts.

To have and to hold all and singular the Pledged Property unto the Administrator and its assigns forever, to secure equally and ratably the payment of the principal of and interest on the Note, according to their tenor and effect, without preference, priority or distinction as to interest or principal (except as otherwise specifically provided herein) or as to lien or otherwise of any Note over any other Note by reason of the priority in time of the execution, delivery or maturity thereof or of the assignment or negotiation thereof, or otherwise, and to secure the due

performance of the covenants, agreements and provisions herein and in the Loan Contract, contained, and for the uses and purposes and upon the terms, conditions, provisos and agreements hereinafter expressed and declared.

The Borrower shall perfect a first and prior lien in the Pledged Property for RUS and take all other actions as RUS shall request to continue perfection of the first lien on the Pledged Property.

In connection with the Pledged Property Borrower shall be required to demonstrate that it satisfies the conditions contained in the Loan Contract.

SECTION 3 – Energy Efficiency Program Account

The Borrower shall open and maintain an account, into which revenues received by Borrower from Qualified Consumers as repayment of loans made by the Borrower to such Qualified Consumers as part of the Energy Efficiency Program are, and shall be, promptly deposited, and from which all expenses and other disbursements relating to the operation of the Energy Efficiency Program and payments on account of the principal of and interest on the Note, may be paid, to the extent that such expenses or other disbursements are authorized, and which account shall be pledged to RUS. The Borrower shall maintain in the EEP Account an amount of not less than 0.50% of the RESP loan portfolio re-lent to Qualified Consumers.

The Energy Efficiency Program Account shall be opened and maintained by the Borrower at a bank or other depository that is insured by the Federal Deposit Insurance Corporation and shall be subject to a Deposit Account Control Agreement substantially in the form attached hereto as Exhibit B.

SECTION 4 - [RESERVED].

SECTION 5 – Loan Funds Account.

The Borrower shall hold all moneys advanced to it by RUS hereunder in trust for RUS and shall deposit such moneys promptly after the receipt thereof in an account maintained by the Borrower at a bank or other depository that is insured by the Federal Deposit Insurance Corporation, and subject to a Deposit Account Control Agreement substantially in the form attached hereto as Exhibit B. Any such account (hereinafter called "**Loan Funds Account**") in which any such moneys shall be deposited shall be designated by the legal name of the Borrower followed by the words "Trustee, Loan Funds Account/Special Construction Account." Moneys in the Loan Funds Account shall be used solely for the loan purposes as outlined in the Loan Contract and in compliance with the Loan Contract and may be withdrawn only upon checks, drafts, or orders signed on behalf of the Borrower and countersigned by an executive officer thereof.

SECTION 6 - Preservation of Lien

The Borrower warrants that it has good right and lawful authority to grant the security interests in the Pledged Property for the purposes herein expressed, and that the said property is free and clear of any deed of trust, mortgage, lien, charge or encumbrance thereon or affecting the title thereto, except for Permitted Encumbrances. The Borrower will, so long as any of the Note shall be outstanding, maintain and preserve the lien of this Security Agreement superior to all other liens affecting the Pledged Property, and will forever warrant and defend the title to the property described as being secured hereby, against any and all claims and demands whatsoever. If the Borrower has outstanding RUS Loans made under the RE Act, the Borrower will, except for Permitted Encumbrances, promptly pay or discharge any and all obligations for or on account of which any such lien or charge might exist or could be created and any and all lawful taxes, rates, levies, assessments, liens, claims, or other charges imposed upon or accruing upon the Borrower, or any part thereof, or upon or against any property of the Borrower not then embraced in the Pledged Property (whether taxed to the Borrower or to the Noteholder), or the franchises, earnings, or operations of the Borrower, as and when the same shall become due and payable; and whenever called upon so to do the Borrower will furnish to RUS adequate proof of such payments or discharge.

SECTION 7 – Expenditure of Funds in the Loan Funds Account

The Borrower may use moneys deposited in the Loan Funds Account for the purpose of funding loans to Qualified Consumers under the Energy Efficiency Program and for certain additional purposes identified in the Loan Contract.

SECTION 8 - Restrictions on Further Encumbrances on Property

The Borrower will not, without the prior written consent of RUS, create or incur or suffer or permit to be created or incurred or to exist any lien, encumbrance, charge, assignment, pledge or mortgage on any of the Pledged Property, subject to the lien of this Security Agreement except for Permitted Encumbrances.

SECTION 9 – Preservation of Legal Existence and Franchises; Compliance with Laws; Limitations on Sale or Merger and Transfers of Capital Assets.

(a) The Borrower will at all times, so long as any of the Note shall be outstanding, take or cause to be taken all such action as from time to time may be necessary to preserve its legal existence and to preserve and renew all franchises, allowances, permits and licenses now or hereafter to it granted or upon it conferred that are required for carrying on its operations, and the Borrower will comply in all material respects with all federal, state, and local laws, rules, regulations, ordinances, codes, and orders the failure to comply with which could have a material adverse effect on the condition, financial or otherwise, operations, properties or activities of the Borrower, or on the ability of the Borrower to perform its obligations under this Security Agreement or the Loan Contract.

(b) The Borrower will not, without the prior written approval of RUS, sell, restructure, consolidate with or merge into any corporation or other type of entity or permit any corporation or other type of entity to restructure, consolidate with or merge into the Borrower or acquire all or substantially all of the Borrower's business or assets if such acquisition is analogous in purpose or effect to a sale, restructure, merger or consolidation.

SECTION 10 – Maintenance of Pledged Property

The Borrower will at all times maintain and preserve the Pledged Property and each and every part thereof and in compliance with all applicable laws, regulations and orders, and use all reasonable diligence to furnish service through the Energy Efficiency Program funded by the Loan with adequate service by the Borrower.

SECTION 11 – Further Assurances to Confirm Security of Security Agreement.

The Borrower will from time to time upon written demand of RUS, as reasonably requested by RUS, make, execute, acknowledge and deliver or cause to be made, executed, acknowledged and delivered all such further instruments of further assurance, and supplemental financing statements, continuation statements, security agreements, instruments and conveyances as may reasonably be requested by RUS, and take or cause to be taken all such further action as may reasonably be requested by RUS, in all cases to effectuate the intention of these presents and to provide for the securing and payment of the principal of, interest on, and any and all other amounts payable under the Note equally and ratably according to the terms thereof and for the purpose of fully conveying, transferring and confirming unto RUS the property hereby conveyed, and pledged, or intended so to be, whether now owned by the Borrower or hereafter acquired by it and to reflect the assignment of the rights or interests of RUS; provided, however, that nothing in this Section shall be construed as obligating the Borrower to grant on a lien on any property that is not specifically subject to the terms of this Agreement. The Borrower will cause the Security Agreement and any and all supplemental security agreements, and financing statements covering security interests, continuation statements and any additional instrument of further assurance which shall be executed pursuant to the foregoing provisions forthwith upon execution to be promptly filed and re-filed in such manner and in such places as may be required by law or reasonably requested by RUS to fully preserve the security for the Note and to perfect and maintain the superior lien of the Security Agreement and all supplements and amendments, and financing statements and to preserve and protect the rights and remedies of RUS hereunder to the Pledged Accounts.

The Borrower hereby irrevocably authorizes RUS at any time and from time to time to file in any jurisdiction any initial financing statements and amendments thereto that: (i) indicate the Pledged Accounts (1) as assets of the Borrower or words of similar effect, regardless of whether any particular asset comprised in the Pledged Accounts falls within the scope of Article 9 of the applicable Uniform Commercial Code, or (2) as being of an equal or lesser scope or with greater detail, and (ii) contain any other information required by the applicable Uniform Commercial Code for the sufficiency or filing office acceptance of any financing statement or amendment,

including, but not limited to, whether the Borrower is an organization, the type of organization and any organizational identification number issued to the Borrower. The Borrower agrees promptly to furnish to RUS any information requested by RUS and reasonably required to prepare and make such filings. The Borrower also ratifies its authorization for RUS to have filed in any Uniform Commercial Code jurisdictions any initial financing statements or amendments thereto if filed prior to the date hereof.

SECTION 12 – Time Extensions for Payment of Notes.

RUS may, at any time or times in succession without notice to or the consent of the Borrower, and upon such terms as RUS may prescribe, grant to any person, firm or corporation who shall have become obligated to pay all or any part of the principal of or interest on any Note held by or indebtedness owed to RUS or who may be affected by the lien hereby created, an extension of the time for the payment of such principal or interest, and after any such extension the Borrower will remain liable for the payment of such Note or indebtedness to the same extent as though it had at the time of such extension consented thereto in writing.

SECTION 13 – Organizational Changes.

The Borrower covenants and agrees that it will give RUS thirty (30) days prior to the effective date, written notice of any change in its name, mailing address, or principal place of business or any change in location of its chief place of business or the office where its records concerning accounts and contracts are kept or the state of its organization. Subject to the notice requirements below, the Borrower covenants and agrees that it will not, without the prior approval of RUS, change its type of organization or the jurisdiction of its organization. The Borrower shall give to the RUS (i) notice in writing if it plans to change its legal organization or legal structure, including any subsidiaries of the Borrower or other entities over which the Borrower has control or which have control over the Borrower, and describe in reasonable detail the proposed transaction and (ii) drafts of all material documents to effect such transaction. If the RUS does not notify Borrower by written notice that it objects to the proposed transaction within sixty (60) days (or such shorter period as the parties shall agree to in writing), the transaction shall be deemed approved. In the event RUS notifies the Borrower during such sixty (60) day period of its objection to the proposed transaction, then the Borrower shall not complete the transaction without first obtaining RUS approval.

SECTION 14 - Lender Right to Expend Money to Protect Pledged Accounts

In the event of the failure of the Borrower in any respect to comply with the covenants and conditions herein contained with respect to the payment of taxes, assessments and other charges, the keeping of the Pledged Accounts free of liens and other claims or to comply with any other covenant contained in this the Loan Contract or this Security Agreement, RUS shall have the right (without prejudice to any other rights arising by reason of such default) to advance or expend moneys for the purpose of payment of taxes, assessments or other charges, or to save the Pledged Accounts from forfeiture for any unpaid tax or assessment, or otherwise, or to redeem

the same from any tax, or to purchase any tax title thereon, or to remove any encumbrance thereon or to comply with any other covenant herein contained or to prosecute or defend any suit in relation to the Pledged Accounts or in any manner to protect the Pledged Accounts, and all sums so advanced for any of the aforesaid purposes with interest thereon at the highest legal rate, but not in excess of 10% per annum, shall be deemed a charge upon the Pledged Accounts in the same manner as the Note at the time outstanding are secured and shall be forthwith paid to RUS making such advance or advances upon demand. It shall not be obligatory for RUS in making any such advances or expenditures to inquire into the validity of any such tax title, or of any of such taxes or assessments, or other encumbrance. RUS acting hereunder shall not be liable to the Borrower or any other party except for losses resulting from gross negligence or willful misfeasance.

SECTION 15 - After-Acquired Property: Further Assurances: Recording

Property of every kind of the type that is described in Section 2 and subject to the lien of this Security Agreement, acquired by the Borrower after the date hereof, shall, immediately upon the acquisition thereof by the Borrower and without any further security instrument, conveyance, or assignment, become subject to the lien of this Security Agreement; SUBJECT, HOWEVER, to Permitted Encumbrances and the exceptions, if any, to which RUS consents. Nevertheless, the Borrower will do, execute, acknowledge, and deliver all and every such further acts, conveyances, mortgages, financing statements, and assurances as RUS shall require for accomplishing the purposes of this Security Agreement.

SECTION 16 - Security Agreement as Security for Notes; RUS as Holder

At all times when any Note is held by RUS, or in the event RUS shall assign a Note without having insured the payment of such Note, this Security Agreement shall secure payment of such Note for the benefit of RUS or such uninsured holder thereof, as the case may be. Whenever any Note may be sold to an insured purchaser, it shall continue to be considered a "Note" as defined herein, but as to any such insured Note, RUS, and not such insured purchaser, shall be considered to be, and shall have the rights of, the Noteholder for purposes of this Security Agreement. Notice of the rights of RUS under the preceding sentence shall be set forth in all such insured Notes. The rights of RUS pursuant to this Section with respect to any Note shall not be affected by whether RUS possesses such Note, and the exercise of such rights shall not require the production of any such Note. With respect to any such Note, any necessary listing shall show the holder of all such Notes to be "United States of America, acting by and through the Administrator of the Rural Utilities Service" unless and until RUS requests that the listing show a different name (including, without limitation, in the event RUS transfers any such Note). RUS may hold Notes, and be registered as the holder thereof, in a number of different capacities, including, without limitation, as guarantor and as the actual payee of the Note evidencing the Loan or advances made or to be made to the Borrower.

SECTION 17 - Compliance with Loan Contract; Notice of Amendments to and Defaults under Loan Contract

The Borrower will well and truly observe and perform all of the covenants, agreements, terms and conditions contained in the Loan Contract, as from time to time amended, on its part to be observed or performed. The Borrower will promptly furnish RUS with written notice of the occurrence of any event of default under this Security Agreement, or the Loan Contract. For purposes of this Security Agreement, in the event of any inconsistency between the terms of this Security Agreement and the terms of the Loan Contract, the terms of the Loan Contract shall govern.

SECTION 18 – Authorization

- (a) It is authorized that the Borrower borrow from RUS acting through the Administrator of RUS, an aggregate amount not to exceed the Loan Amount listed in Schedule 1 which may be used for such purposes as approved by RUS;
- (b) It is authorized that the JPE Administrator is authorized on behalf of the Borrower to execute and deliver, as many counterparts, respectively, as shall be deemed advisable of loan documents, including but not limited to, the Loan Contract, the Note, the Pledged Accounts, the Deposit Account Control Agreements and all necessary documents to be filed including this Agreement;
- (c) It is authorized that the separate Pledged Accounts referenced in this Agreement be opened with a bank or other depository as prescribed hereunder; and all required deposits made into said accounts, which shall be pledged to RUS and held in accordance with the applicable provisions of the Loan Documents; and
- (d) It is authorized that the JPE Administrator of the Borrower be, and each of them together are authorized in the name and on behalf of the Borrower, to execute all such instruments, including, but not limited to the Loan Documents, make all such payments and do all such other acts as in the opinion of the Borrower acting may be necessary or appropriate to carry out the purposes and intent of the foregoing.

SECTION 19 - Payment of Debt Service on Notes

The Borrower will duly and punctually pay the principal, premium, if any, and interest on the Note in accordance with the terms of the Note, the Loan Contract and this this Security Agreement. The Borrower may at any time make prepayments, on account of all or part of the principal of the Note, to the extent and in the manner set forth therein and in the Loan Contract.

SECTION 20 - Events of Default

- (a) Each of the following shall be an Event of Default under this Security Agreement:

(i) default shall be made in the payment of any installment of, or on account of, interest on or principal of (or premium, if any associated with) any Note for more than five (5) Business Days after written notice thereof shall have been received by the Borrower;

(ii) default shall be made in the due observance or performance of any other of the covenants, conditions, or agreements on the part of the Borrower, in any of the Note, the Loan Contract, or in this Security Agreement, and such default shall continue for a period of thirty (30) days after written notice specifying such default and requiring the same to be remedied and stating that such notice is a "Notice of Default" hereunder shall have been given to the Borrower by the Noteholder;

(iii) the Borrower shall file a petition in bankruptcy or be adjudicated as bankrupt or insolvent, or shall make an assignment for the benefit of its creditors, or shall consent to the appointment of a receiver of itself or of its property, or shall institute proceedings for its reorganization or proceedings instituted by others for its reorganization shall not be dismissed within sixty (60) days after the institution thereof;

(iv) a receiver or liquidator of the Borrower or of any substantial portion of its property shall be appointed and the order appointing such receiver or liquidator shall not be vacated within sixty (60) days after the entry thereof;

(v) the Borrower shall forfeit or otherwise be deprived of its charter or franchises, permits or licenses required to carry on its business;

(vi) a final judgment for an amount greater than \$25,000 (and not covered by an insurance policy of Borrower) shall be entered against the Borrower and shall remain unsatisfied or without a stay or appeal in respect thereof for a period of sixty (60) days;

(vii) any material representation or warranty made by the Borrower herein, in the Loan Contract or in any certificate or financial statement delivered hereunder or thereunder shall prove to be false or misleading in any material respect at the time made;

(viii) failure to fund and maintain the balance in the Energy Efficiency Program Account or the Loan Funds Account in accordance with the Loan Documents; or

(ix) failure to comply with the terms of the Deposit Account Control Agreements for any of the following: the Energy Efficiency Program Account or the Loan Funds Account.

SECTION 21 - Acceleration of Maturity; Annulment of Acceleration

(a) If any Event of Default has occurred and is continuing, RUS, may, by notice in writing to the Borrower, declare all unpaid principal and accrued interest on any or all of their respective Notes to be due and payable immediately; and upon any such declaration, all such unpaid principal (and premium, if any) and accrued interest shall immediately become due and

payable, notwithstanding anything contained herein or in any Note to the contrary.

(b) If after the unpaid principal and accrued interest on any of the Note shall have been so declared to be due and payable, all payments in respect of principal and interest which have become due and payable by the terms of such Note shall be paid to RUS, and all other defaults hereunder and under the Note shall have been made good or secured to the satisfaction of RUS, and all reasonable expenses paid or incurred by RUS in connection with the acceleration shall have been paid by the Borrower; RUS which has declared the principal and interest on Notes held by RUS to be due and payable may, by written notice to the Borrower and delivery of a copy thereof to RUS, annul such declaration or declarations and waive such default(s) and consequences thereof, with such waiver not extending to or affecting any subsequent default or impairing any right consequent thereon.

SECTION 22 - Remedies of RUS

If any Event of Default shall occur and is continuing, RUS for itself and as the agent of the other Noteholders, personally or by attorney, in its discretion, insofar as not prohibited by law may take the following actions:

(a) RUS may take immediate possession of the Pledged Accounts and withdraw such funds from the Pledged Accounts as may be necessary to satisfy any amounts due from Borrower hereunder (including any interest, fees, charges or reimbursable expenses arising out of the Event of Default). RUS may take possession and withdraw funds from the Pledged Accounts in the order that it determines necessary until RUS has received all amounts due from Borrower.

(b) RUS shall be entitled to proceed to protect and enforce its rights and the rights of the Noteholder(s) under this Security Agreement by suits or actions in equity or at law in any court of competent jurisdiction, whether for specific performance of any covenant or any agreement contained herein, for aid of execution of any power herein granted, or for enforcement of other appropriate legal or equitable remedies as may be deemed most effectual to protect and enforce the rights and remedies herein granted or conferred.

SECTION 23 - RUS Appointed Attorney-in-Fact

If any Event of Default shall occur and is continuing, RUS or any of its employees or agents, is hereby constituted and appointed as true and lawful attorney-in-fact of the Borrower with full power:

(a) to notify or require the Borrower to notify any person, including, but not limited to, any and all customers, that the Pledged Accounts has been assigned to RUS and RUS has security interests in the Pledged Accounts;

(b) to sign and endorse the name of the Borrower upon any notes, checks, acceptances, drafts, money orders, or other instruments of payment (including payments made under any policy of insurance) that may come into possession of RUS, or upon any invoice, freight or express bill, bill of lading, storage or warehouse receipt, assignment, verification, or

notice in connection with receivables, all in full or partial payment of any amount owing to Noteholder;

(c) to send requests for verifications of Pledged Accounts to customers or account debtors; and

(d) to assign, sue for, collect, or compromise payment of all or any part of the Pledged Accounts in the name of the Borrower or in its/their own name, or make any other disposition of the Pledged Accounts, or any part thereof, for cash, credit, or any combination thereof;

granting to RUS as attorney-in-fact of the Borrower, full power of substitution and full power to do any and all things necessary to be done in and about the premises fully and effectually as the Borrower might or could do but for this appointment, and hereby ratifying all that said attorney-in-fact shall lawfully do or cause to be done by virtue hereof. RUS, its employees, or agents shall not be liable for any act, omission, error of judgment, or mistake of fact or law in its/their capacity as attorneys-in-fact. This power of attorney is coupled with an interest and shall be irrevocable during the term of this Security Agreement so long as any Notes shall remain outstanding.

SECTION 24 – Setoff, Recoupment, and Counterclaims

The RUS shall have the right, without prior notice to the Borrower, to exercise rights of setoff, recoupment, or any counterclaim and apply any and all amounts held or hereafter held by them, owed to the Borrower, or for the credit of the Borrower, against any and all of the Note. The RUS agrees to notify the Borrower promptly after any such setoff or recoupment and the application thereof; provided that the failure to give such notice shall not affect the validity of such setoff, recoupment, or application. Borrower waives all rights of setoff, deduction, recoupment, or counterclaim.

SECTION 25 - Rights under the Uniform Commercial Code

The RUS shall have, in addition to any other rights and remedies contained in this Security Agreement or in any other Loan Documents, agreements, guarantees, notes, mortgages, instruments, and documents heretofore, now, or at any time hereafter executed by the Borrower and delivered to them, all of the rights and remedies of a secured party under the UCC in force in any jurisdiction where the Pledged Accounts is located or the Borrower is organized, as of the date hereof, all of which rights and remedies shall be cumulative, and nonexclusive.

To the extent that any of the Pledged Property described or referred to in this Security Agreement is governed by the provisions of the UCC this Security Agreement is hereby deemed a "security agreement" under the UCC, and, if so elected by RUS, a "financing statement" under the UCC for said security agreement. The mailing addresses of the Borrower as debtor, and RUS as secured party are as set forth in Section 35 hereof. If RUS directs the Borrower to do so, the Borrower shall file a financing statement pursuant to the applicable state law and UCC for said security agreement and for the benefit of RUS, a separate instrument from this Security

Agreement. In such case, the instrument to be filed shall be in a form customarily accepted by the filing office as a financing statement.

SECTION 26 - Notice of Default

The Borrower covenants that it will give immediate written notice to the Noteholder of the occurrence of any Event of Default or in the event that any right or remedy described in this Security Agreement is exercised or enforced or any action is taken to exercise or enforce any such right or remedy.

SECTION 27 - Application of Proceeds from Remedial Actions

Any proceeds or funds arising from the exercise of any rights or the enforcement of any remedies herein provided after the payment or provision for the payment of any and all costs and expenses in connection with the exercise of such rights or the enforcement of such remedies shall be applied first, to the ratable payment of indebtedness hereby secured other than the principal of or interest on the Note; second, to the ratable payment of interest which shall have accrued on the Note and which shall be unpaid; third, to the ratable payment of or on account of the unpaid principal of the Note; fourth, to the ratable payment of any and all other amounts payable under the Note; and the balance, if any, shall be paid to whomsoever shall be entitled thereto.

SECTION 28- Remedies Cumulative; No Election

Every right or remedy herein conferred upon or reserved to RUS shall be cumulative and shall be in addition to every other right and remedy given hereunder or now or hereafter existing at law, or in equity, or by statute. The pursuit of any right or remedy shall not be construed as an election and shall not preclude the pursuit of any other right or remedy.

SECTION 29 - Possession until Default

Until one or more of the Events of Default shall have happened, the Borrower shall be suffered and permitted to retain actual possession of the Pledged Accounts, and to manage, operate and use the same and any part thereof, with the rights and franchises appertaining thereto, and to collect, receive, take, use, and enjoy the rents, revenues, issues, earnings, income, proceeds, products, and profits thereof or therefrom, subject to the provisions of this Security Agreement.

SECTION 30 - Defeasance

If the Borrower shall pay or cause to be paid the whole amount of the principal of (and premium, if any) and interest on the Note at the times and in the manner therein provided, and shall also pay or cause to be paid all other sums payable by the Borrower hereunder or under the Loan Contract and shall keep and perform, all covenants herein required to be kept and performed by it, then and in that case, all property, rights and interest hereby conveyed or assigned or pledged shall revert to the Borrower and the estate, right, title and interest of RUS so paid shall thereupon cease, determine and become void and RUS, in such case, on written demand of the Borrower but at the Borrower's cost and expense, shall enter satisfaction of the Security Agreement upon

the record. In any event, RUS, upon payment in full by the Borrower of all principal of (and premium, if any) and interest on any Note held by RUS and the payment and discharge by the Borrower of all charges due to RUS hereunder or under the Loan Contract, shall execute and deliver to the Borrower such instrument of satisfaction, discharge or release as shall be required by law in the circumstances.

SECTION 31 - Security Agreement to Bind and Benefit Successor and Assigns

All of the covenants, stipulations, promises, undertakings and agreements herein contained by or on behalf of the Borrower shall bind its successors and assigns, whether so specified or not, and all titles, rights and remedies hereby granted to or conferred upon RUS shall pass to and inure to the benefit of the successors and assigns of RUS and shall be deemed to be granted or conferred for the ratable benefit and security of all who shall from time to time be a Noteholder. The Borrower hereby agrees to execute such consents, acknowledgments, and other instruments as may be reasonably requested by Noteholder in connection with the assignment, transfer, mortgage, hypothecation, or pledge of the rights or interests of such Noteholder hereunder or under the Note or in and to any of the Pledged Accounts.

SECTION 32 - Amendment or Modification

No amendment, authorization or modification of this Security Agreement shall, without the prior written agreement of the parties hereto.

SECTION 33 – Headings

The descriptive headings of the various articles and sections of this Security Agreement were formulated and inserted for convenience only and shall not be deemed to affect the meaning or construction of any of the provisions hereof.

SECTION 34 - Counterpart Execution

This Security Agreement may be simultaneously executed in any number of counterparts, and all said counterparts executed and delivered, each as an original, shall constitute but one and the same instrument.

SECTION 35 - Notice

All demands, notices, reports, approvals, designations, or directions required or permitted to be given if mailed by certified mail addressed to the proper party or parties at the following addresses:

As to the Borrower: Cape Light Compact JPE
261 Whites Path, Unit 4
South Yarmouth, Massachusetts 02664
Attention: JPE Administrator

As to the Government: Rural Utilities Service
U.S. Department of Agriculture
Washington, D. C. 20250-1500
Attention: Administrator

Copy to:

Rural Utilities Service
United States Department of Agriculture
Room No. 4121 South
1400 Independence Avenue, S.W.
STOP: 1568
Washington, DC 20250-1568
Attention: Office of Portfolio Management & Risk Assessment

And via electronic mail to: RUSElectric@usda.gov

and as to any other person, firm, corporation, or governmental body or agency having an interest herein by reason of being a Noteholder or otherwise, at the last address designated by such person, firm, corporation, or governmental body or agency to the Borrower, and the Government. The Borrower, or the Government may, from time to time, designate to each other a new address to which demands, notices, reports, approvals, designations, or directions may be addressed and from and after any such designation the address designated shall be deemed to be the address of such party in lieu of the address hereinabove given.

SECTION 36 - Severability Cause

In case any provision of this Security Agreement shall be invalid or unenforceable, the validity, legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired.

SECTION 37 - Indemnification by the Borrower of Lenders

To the extent permitted by law (including, but not limited to, the limitations on local powers imposed by the Amendments to the Constitution of the Commonwealth of Massachusetts), the Borrower agrees to ensure and save harmless RUS against any liability or damages which it may incur or sustain in the exercise and performance of its rightful powers and duties hereunder and under the Loan Documents. For such reimbursement and ensurance, RUS shall be secured under this Security Agreement in the same manner as the Note and all such reimbursements for expense or damage shall be paid to RUS with interest at the rate of the cost of funds to the United States Treasury as prescribed and published by the Secretary of the Treasury. The Borrower's obligation to ensure RUS under this section shall survive the satisfaction of the Note,

the reconveyance or foreclosure of this Security Agreement, or any transfer or abandonment of the Pledged Accounts.

SECTION 38 – Governing Law

This Security Agreement shall be governed by, construed and enforced in accordance with, the laws of the State indicated on Schedule 1 and the laws of the United States of America, without regard to conflicts of law principles.

[Page Intentionally Left Blank; Signature Pages Follow]

IN WITNESS WHEREOF the Borrower and RUS have caused this Security Agreement to be duly executed effective as of the date first set forth above.

CAPE LIGHT COMPACT JPE

By: _____
Title:

Attest: _____
Secretary

[SEAL]

(SIGNATURES CONTINUE ON NEXT PAGE)

(SIGNATURE CONTINUED FROM PREVIOUS PAGE)

UNITED STATES OF AMERICA

By: _____

Title: _____

SCHEDULE 1

1. "Loan" shall be in the amount of: \$4,900,000.00
2. Terms for "Note":

Last Day for an Advance: April 30, 2034

Maximum Principal Amount: \$4,900,000.00
3. The Loan Contract shall be by and between the Borrower and RUS and dated as of April 30, 2024
4. [RESERVED]
5. Permitted Encumbrances shall include the following: NONE
6. State of Governing Law: Massachusetts

EXHIBIT A

Form of Note

EXHIBIT B

Form(s) of Deposit Account Control Agreement(s)

Document #3 on Slide #3 of Presentation

RUS Electric RESP Note
[Zero Interest]

PROJECT DESIGNATION:

Massachusetts 26-A50 Barnstable

NOTE

made by

CAPE LIGHT COMPACT JPE

to

UNITED STATES OF AMERICA

NOTE

South Yarmouth, Massachusetts
Note Dated: April 30, 2024
Final Maturity Date: April 30, 2044

- 1. Amount. CAPE LIGHT COMPACT JPE** (hereinafter called the "Borrower"), a governmental entity organized and existing under the laws of the Commonwealth of Massachusetts pursuant to G.L. c. 40, Section 4A½ (the Joint Powers Statute) as a joint powers entity (JPE), under the laws in the State of Massachusetts, for value received, promises to pay to the order of the **UNITED STATES OF AMERICA** (hereinafter called the "Government"), acting through the Administrator of the Rural Utilities Service (hereinafter called the "Administrator"), at the United States Treasury, Washington, D.C., at the times and in the manner hereinafter provided, such sums as may be advanced from time to time, not to exceed Four Million Nine Hundred Thousand dollars and no cents (\$4,900,000.00), with interest payable from the date of each advance ("Advance") on the unpaid principal balance remaining unpaid from time to time, at the rate of zero percent (0%) per annum.
- 2. Fund Advance Period.** Funds will be advanced under this Note pursuant to this Note and a loan contract dated as of April 30, 2024, between the Borrower and the Government as it may be amended from time to time (the "Loan Contract"). The fund advance period for this Note begins on the date of the first Advance and terminates ten (10) years from the date of this Note (the "Termination Date"), but in no event may an Advance be made hereunder that would result in an Advance contrary to the Antideficiency Act, 31 U.S.C. §1341.
- 3. Advances.** Except as provided in Paragraph 4, any Advance of loan funds to the Borrower in any single year shall be made pursuant to the terms of this Note and the Loan Contract and shall not exceed 50 percent of the approved loan amount (as set forth in the Loan Contract and hereinafter "Loan Amount") and shall be amortized for a period not to exceed 10 years. Each payment for each Advance shall be made payable monthly on the last day of each month (the "Monthly Payment Date") beginning on the Monthly Payment Date following the first month after each Advance of principal. Thereafter, to and including a date not more than 10 years after the date of each Advance (the "Amortization Period"), the Borrower shall make a monthly payment ("Monthly Payment") on each Monthly Payment Date in each year and each payment shall be (a) substantially equal to all subsequent Monthly Payments and (b) in an amount that will pay all principal on the Advance no later than the Monthly Payment Date in the last month of the Amortization Period; however, in no event shall any amounts remain outstanding after the Final Maturity Date.
- 4. Special Advance.** Pursuant to this Note and the Loan Contract, the Borrower may request a Special Advance, as defined in the Loan Contract, in an amount which shall not exceed 4 percent of the Loan Amount. Terms for the Special Advance will be as agreed to by the Government and as outlined in the Loan Contract, but No Special Advance may be made more than 10 years after the date of this Note. Repayment of the Special Advance may be deferred in full to the end of the Amortization Period for the Special Advance, but all principal on the Advance must be

paid no later than the final Monthly Payment Date of the Amortization Period for the Special Advance and in no event no later than the Final Maturity Date.

5. Final Maturity Date. Notwithstanding anything in this Note or the Loan Contract to the contrary, all amounts outstanding under this Note remaining unpaid as of the Final Maturity Date shall be due and payable on the Final Maturity Date.

6. Prepayment. The Borrower on any Monthly Payment Date, as hereinabove provided, may pay all or any part of the principal hereof then advanced pursuant to the Loan Contract and remaining unpaid, but so long as any of the principal hereof advanced pursuant to the Loan Contract shall remain unpaid, the Borrower shall be obligated to make the Monthly Payment on account of principal, in the amount hereinabove provided, unless the Borrower and the holder of this Note shall otherwise agree. The Borrower may pay the principal amount of this Note in full at any time on a Monthly Payment Date without penalty by paying the full face amount of this Note to the Government.

7. Late Payments. A late charge shall be charged on any payment not made within five (5) days of the date the payment becomes due. The late charge rate shall be computed on the payment from the due date at a rate equal to the rate of the cost of funds to the United States Treasury as prescribed and published by the Secretary of the Treasury. In addition, the Borrower shall pay administrative costs and penalty charges assessed in accordance with applicable Government regulations. Acceptance by the Government of a late payment shall not be deemed to be a waiver of any right or remedy of the Government.

8. Security. This Note has been executed and delivered pursuant to and is secured by a certain security instrument, as defined in the Loan Contract, as the same may have been amended or supplemented by any supplemental security instrument or supplemental mortgages and security instruments (said security instrument and any such supplemental mortgage(s) and security instrument(s) being hereinafter collectively called the "Security Agreement"), and may be one of several notes (the "Notes") permitted to be executed and delivered by the Borrower pursuant to the Security Agreement. The Security Agreement provides that all Notes shall be equally and ratably secured thereby and reference is hereby made to the Security Agreement for the terms regarding the security and the rights of the holders of Notes with respect thereto.

9. Default and Acceleration. In case of default by the Borrower under this Note, the Loan Contract or Security Agreement, as provided in these loan documents, all principal advanced pursuant to this Note and the Loan Contract and remaining unpaid on this Note and any other Notes at the time outstanding, and any other amounts due thereon by the Borrower, may be declared or may become due and payable in the manner and with the effect provided in the Security Agreement.

10. Noteholder. This Note evidences indebtedness created by a loan made by the Government under Section 6407 of the Farm Security and Rural Investment Act of 2002, as amended. If the Government shall at any time assign this Note and ensure the payment hereof, the Borrower shall continue to make payments hereunder to the Government as collection agent for the insured holder, and, for purposes of the Security Agreement, the Government, and not such insured holder, shall be considered to be, and shall have the rights of, the noteholder.

11. Additional Notes. If the Government, at any time prior to the advance of the entire principal amount hereof on account of this Note, shall make a written endorsement hereon stating the amount advanced on account of the principal hereof, and shall notify the Borrower, in writing, of such endorsement, then the principal amount of this Note shall be deemed to be and shall become reduced to the amount specified in such endorsement, and the Borrower shall then execute and deliver to the Government one or more additional notes, in an amount or amounts designated by the Government which in the aggregate shall be equal to the then unadvanced portion of the original principal amount of this Note, such additional notes to be dated the date of execution, to be in substantially the same form, and to bear the same interest rate, as this Note. The Borrower, upon the request therefor in writing by the Government, shall execute and deliver to the Government two or more notes, in substitution for this Note, in substantially the same form and bearing the same interest rate and date (except that any such substitute note which will evidence only an unadvanced portion of this Note may, at the discretion of the Government, be dated the date of execution), in an aggregate principal amount which shall be equal to the principal amount of this Note, but in such individual principal amounts as the Government shall request; provided that (i) all payments which shall have been made on account of the principal of and interest on this Note shall be credited on account of such substitute notes and (ii) the Government shall return this Note to the Borrower upon receipt and acceptance of such substitute notes.

12. References to Regulations. References in this Note to specific Government published notices, rules or regulations will apply to corresponding provisions in future versions of such notices, rules or regulations.

13. Terms of Note Control. In the event of a conflict between the terms of this Note and the terms of the Loan Contract, the terms of this Note control.

IN WITNESS WHEREOF, the Borrower has caused this Note to be signed in its corporate or legal name and its corporate or legal seal, if any, to be hereunto affixed and attested by its officers thereunto duly authorized, all as of the day and year first above written.

CAPE LIGHT COMPACT JPE

By: _____

Title:

Attest:

Secretary

[SEAL]

Document #4 on Slide #3 of Presentation

Deposit Account Control Agreement (DACA)

U.S. Department of Agriculture
Rural Utilities Services

RUS Project Designation:
Massachusetts 26-A50 Barnstable

DEPOSIT ACCOUNT CONTROL AGREEMENT
For
Energy Efficiency Account

This Deposit Account Control Agreement (“Agreement”) is made and entered into as of April 30, 2024 among **CAPE LIGHT COMPACT JPE**, a governmental entity organized and existing under the laws of the Commonwealth of Massachusetts pursuant to G.L. c. 40, Section 4A½ (the Joint Powers Statute) as a joint powers entity (JPE), in the Commonwealth of Massachusetts (“Borrower”); and the **UNITED STATES OF AMERICA** (the “Government”), acting by and through the Administrator (together with any person succeeding to the powers and rights of the Administrator with respect to this Agreement, the “Administrator”), of the Rural Utilities Service (together with any agency succeeding to the power and rights of the Rural Utilities Service with respect to this Agreement, the “RUS” acting as “Lender”), and Cape Cod Five Cent Savings Bank (“Financial Institution”) with respect to the following:

A. Pursuant to that certain Security Agreement and Financing Statement dated as of April 30, 2024, by and between Borrower and RUS (the “Security Agreement”), Borrower has agreed to provide certain collateral, including, without limitation, the Deposit Account (as defined herein), to Lender to secure the Loan and the Note (both as defined in the Security Agreement). The Security Agreement has been executed in connection with a certain loan agreement (the “Loan Contract”) being made by Lender to Borrower, which Loan is being made by the Rural Utilities Service pursuant to Section 6407 of the Farm Security and Rural Investment Act of 2002, as amended.

B. Borrower has established the following deposit account with Financial Institution (whether one *or more*, individually and collectively, the “Deposit Account”):

Name in Which Account is Maintained	Branch in which Account is Maintained / Routing Number	Account Number
Energy Efficiency Program Account	Insert Bank Address	Insert XXXX

C. The parties hereto desire to enter into this Agreement in order to set forth their respective rights and obligations with respect to the Deposit Account and all funds on deposit therein from time to time and to perfect Lender's security interest in the Deposit Account.

NOW, THEREFORE, in consideration of the foregoing premises and the mutual covenants and agreements hereinafter set forth, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Effectiveness. This Agreement shall take effect immediately upon its execution by all parties hereto and shall supersede any deposit account control agreement, account opening agreement, account agreement, security agreement, or similar agreement in effect with respect to any Deposit Account.

2. Security Interest: Borrower. As collateral security for Borrower's obligations to Lender under the Security Agreement and the other loan documents described therein, Borrower hereby grants to Lender a present and continuing security interest in (a) the Deposit Account, (b) all contract rights, claims and privileges in respect of the Deposit Account, and (c) all cash, checks, money orders and other items of value of Borrower now or hereafter paid, deposited, credited or held (whether for collection, provisionally or otherwise) to or in the Deposit Account or otherwise in the possession or under the control of, or in transit to, Financial Institution or any agent, bailee or custodian thereof for deposit in or credit to the Deposit Account and all proceeds of the foregoing (collectively, "Receipts"). Financial Institution acknowledges the security interests of Lender in the Deposit Account and Receipts and that this Agreement constitutes notice of such security interests and Financial Institution further acknowledges and agrees that it does not and shall not object to or contest the validity or first priority of Lender's security interests in such collateral.

3. Control of Deposit Account.

(a) Borrower and Financial Institution acknowledge and agree that Lender has control (as defined in M.G.L. c. 106, § 9-104) of the Deposit Account.¹ Financial Institution will not permit the withdrawal or other disposition of any funds in the Deposit Account except as expressly provided in this Agreement.

(b) Until such time as Lender delivers a Notice of Exclusive Control (in form substantially the same as attached hereto as Exhibit A and incorporated herein by this reference) to Financial Institution, Financial Institution shall comply with instructions directing the withdrawal, payment, transfer or other disposition of funds in the Deposit Account ("Disposition

¹ Pursuant to and in accordance with Section 9-104, UCC, "control" by a secured party of a deposit account is effectuated, among other things, where the debtor, the secured party, and the Financial Institution with which the deposit account is maintained have agreed in an authenticated record that the Financial Institution will comply with instructions originated by the secured party directing disposition of the funds in the deposit account without further consent by the debtor, even if the debtor retains the right to direct the disposition of funds from the deposit account.

Instructions”) originated by Borrower which Borrower is entitled to give concerning the Deposit Account in accordance with the Loan Contract; provided however, that the Financial Institution will not permit the Borrower to withdraw sums from the Deposit Account without the prior approval of the Lender if the credit balance remaining would be less than [\$ Not Applicable] or close the Deposit Account without the written approval of the Lender. Nothing in the foregoing shall, or shall be construed to, limit, impair, or otherwise adversely affect any of Lender’s rights or remedies under the Security Agreement. A "Notice of Exclusive Control" is a written notice from Lender to Financial Institution that Lender is thereby exercising exclusive control over the Deposit Account and the funds therein; for an example, see Sample Exhibit A. Lender may at any time deliver to Financial Institution a Notice of Exclusive Control.

(c) Within a reasonable time after Financial Institution receives a Notice of Exclusive Control in accordance with this Section 3, but in all events no later than three (3) business days after such receipt, and until the Lender has rescinded or withdrawn such Notice of Exclusive Control: (i) Financial Institution will comply solely with instructions originated by Lender with respect to the Deposit Account and any and all funds therein, including, without limitation, any stop payment orders for any items presented to the Deposit Account for payment, withdrawals from the Deposit Account or any other disposition thereof, without further consent by Borrower; (ii) Financial Institution will cease, without further consent of Borrower, complying with instructions concerning the Deposit Account or funds on deposit therein originated by Borrower or the representatives of Borrower; and (iii) Financial Institution will provide notice to Borrower of actions taken with respect to the Deposit Account. Without in any way limiting the foregoing, in the event of any dispute between Lender and Borrower, Financial Institution shall, in all circumstances after a Notice of Exclusive Control has been given, follow the directions of the Lender and shall not follow the directions of the Borrower.

(d) Lender is entitled to give a Notice of Exclusive Control and Financial Institution is obligated to follow the directions of Lender in respect of the Deposit Account, without any right or duty to inquire further.

(e) The Deposit Account will use Borrower's taxpayer identification number.

4. Fees. Borrower shall be responsible only for those usual and customary service charges, transfer fees, and account maintenance fees (collectively, “Fees”) of Financial Institution in connection with the Deposit Account that would otherwise exist in the absence of this Agreement. Lender shall not have any responsibility or liability for the payment of any Fees.

5. Representations and Warranties. The Financial Institution represents and warrants to the Lender that the Financial Institution (i) is an organization engaged in the business of banking and is insured by the FDIC, (ii) maintains the Deposit Account as a demand deposit account(s) in the ordinary course of the Financial Institution’s business and (iii) has not entered into any currently effective agreement with any person under which the Financial Institution may be obligated to comply with Disposition Instructions originated by a person other than the Borrower or the Lender with regard to the Deposit Account. The Financial Institution will not enter into any agreement with any person under which the Financial Institution may be obligated

to comply with Disposition Instructions with regard to the Deposit Account originated by a person other than the Borrower or the Lender.

6. Setoff. Except for Fees of Financial Institution payable pursuant to Section 4 hereof, Financial Institution hereby agrees that Financial Institution will not exercise or claim any right of setoff or security interest or banker's lien against the Deposit Account or any Receipts on deposit therein, and Financial Institution hereby further waives any such right or lien that it may have against any Receipts deposited in the Deposit Account.

7. Limits of Financial Institution's Liability.

(a) Financial Institution will not be liable to Borrower (debtor) for any expense, claim, loss, damage or cost ("Damages") arising out of or relating to its performance under this Agreement other than those Damages which result directly from Financial Institution's acts or omissions constituting gross negligence or willful misconduct.

(b) Notwithstanding any of the other provisions in this Agreement, in the event of the commencement of a case pursuant to Title 11, United States Code, filed by or against Borrower, or in the event of the commencement of any similar case under then applicable federal or state law providing for the relief of debtors or the protection of creditors by or against Borrower, Financial Institution may act as Financial Institution deems necessary to comply with all applicable provisions of governing statutes and shall not be in violation of this Agreement as a result.

(c) Financial Institution shall be permitted to comply with any writ, levy order or other similar judicial or regulatory order or process concerning the Deposit Account and shall not be in violation of this Agreement for so doing.

8. Indemnity. To the extent permitted by law (including, but not limited to, the limitations on local powers imposed by the Amendments to the Constitution of the Commonwealth of Massachusetts), Borrower will indemnify Financial Institution, its officers, directors, employees, and agents against claims, liabilities, damages, and expenses arising out of this Agreement or the Deposit Account including reasonable attorneys' fees and disbursements and the reasonable estimate of the allocated costs and expenses of in-house legal counsel and staff), except to the extent such claims, liabilities, or expenses are caused by Financial Institution's gross negligence or willful misconduct.

9. Termination. This Agreement may be terminated by Borrower only upon delivery to Financial Institution of a written notification jointly executed by Borrower and Lender. This Agreement may be terminated by Lender at any time, upon its delivery of written notice to Borrower and Financial Institution. This Agreement may be terminated by Financial Institution at any time on not less than 60 days' prior written notice delivered to Borrower and Lender. Upon delivery or receipt of such notice of termination by Financial Institution, and upon subsequent direction by the Lender, Financial Institution will immediately transmit to such deposit account as Lender may direct all funds, if any, then on deposit in the Deposit Account. Notwithstanding the foregoing, this Agreement shall terminate automatically upon payment in full of the Loan and the Notes.

10. Notices. Any notice or document required or permitted to be delivered hereunder shall be in writing and shall be effective upon (i) delivery, if personally delivered or sent by overnight courier, (ii) three business days after mailing, if mailed. All notices shall be personally delivered, delivered by overnight courier or sent by United States Mail, postage prepaid, Certified or Registered Mail, addressed to the parties hereto at the respective addresses set forth on the signature pages, or at such other address as they have theretofore specified by written notice delivered in accordance herewith, or (iii) in the case of notice by electronic mail or by such a telecommunications device, upon transmission thereof, provided such transmission shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient. Any party hereto, at any time, by written notice given to the other in accordance with this Section, may designate a different address to which such communications shall thereafter be directed. Any notice issued or made by Lender to Financial Institution shall simultaneously be issued or made to Borrower. Any notice issued or made by Financial Institution shall simultaneously be issued or made to Borrower.

11. Deposit Account Information. The Financial Institution will provide to the Lender, whether by Internet access, to the extent that the Financial Institution has the operational ability to do so, or otherwise, a copy of each periodic account statement relating to the Deposit Account ordinarily furnished by the Financial Institution to the Borrower. The Financial Institution's liability for failing to provide the account statement shall not exceed the Financial Institution's cost of providing the statement. The Borrower authorizes the Financial Institution to provide to the Lender, whether by internet access or otherwise, any other information concerning the Deposit Account that the Financial Institution may agree to provide to the Lender at the Lender's request.

12. Miscellaneous.

(a) This Agreement shall be binding on and shall inure to the benefit of the parties and their respective successors and assigns, but neither Borrower nor Financial Institution shall be entitled to assign or delegate any of its rights and/or duties under this Agreement without mutual agreement of all of the parties.

(b) Lender may assign its rights and/or duties under this Agreement by written notice to Financial Institution and Borrower and such assignment shall be effective as to Borrower and Financial Institution upon written notice to same.

(c) This Agreement may be executed in any number of several counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. A signature delivered by facsimile transmission or other electronic means shall be deemed the equivalent of an original signature for all purposes.

(d) This Agreement shall be governed by Federal law and the laws of the Commonwealth of Massachusetts.

(e) This Agreement may be amended only by a written instrument executed

by Lender, Financial Institution, and Borrower acting by their respective duly authorized representatives.

(f) Borrower acknowledges that the agreements made by it and the authorizations granted by it in this Agreement are irrevocable and that the authorizations granted in this Agreement are powers coupled with an interest.

(g) All amounts in the Deposit Account must be invested in securities or deposits issued or guaranteed or fully insured as to payment by the United States government or any agency thereof.

[SIGNATURES ON FOLLOWING PAGES]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement by their duly authorized officers as of the day and year first above written.

Cape Light Compact JPE

("Borrower")

By: _____

Name: _____

Title:

Address for notices:

Cape Light Compact JPE
261 Whites Path, Unit 4
South Yarmouth, MA 02664

UNITED STATES OF AMERICA
("Lender")

By: _____

Name: _____

Title: Administrator
Rural Utilities Service

Address for notices:

U.S. Department of Agriculture
1400 Independence Avenue, SW
Washington, D.C. 20250-1500

Attn: Administrator

Or via electronic mail to:
RUSElectric@usda.gov

????? BANK, N.A.

(“Financial Institution”)

By: _____

Name: _____

Title: _____

Address for notices:

Financial Institution Address

Anytown USA Zip Code

Sample Exhibit A

NOTICE OF EXCLUSIVE CONTROL

[Letterhead of Lender]

[Date]

[Bank Name]

Attn:

[Bank Address]

Re: Deposit Account Number(s): xxxx
Notice of Exclusive Control

Ladies and Gentlemen:

Reference is made to the Deposit Account Control Agreement dated as of _____ (the "**Agreement**") by and among **Cape Light Compact JPE** (the "**Borrower**"), the **Rural Utilities Service** (as "**Lender**") and **[Bank's Name]** ("**Financial Institution**") regarding the above-described deposit account(s) (whether one or more, individually and collectively, the "**Deposit Account(s)**"). A copy of the Agreement is attached hereto.

In accordance with this Agreement, we hereby give you notice of our exercise of exclusive control over the Deposit Account, and we hereby instruct you to transfer collected and available funds to our account as follows:

Financial Institution Name:	[Bank's Name]
Address:	[Address]
ABA Routing:	xxxxxxx
Account No.:	xxxxx
Reference:	Massachusetts 26-A50 Barnstable

Very truly yours,

Rural Utilities Service
as Lender

By: _____
Name: _____
Title: _____

Document #5 on Slide #3 of Presentation

Deposit Account Control Agreement (DACA)

U.S. Department of Agriculture
Rural Utilities Services

RUS Project Designation:
Massachusetts 26-A50 Barnstable

DEPOSIT ACCOUNT CONTROL AGREEMENT
For
Loan Funds Account

This Deposit Account Control Agreement (“Agreement”) is made and entered into as of April 30, 2024 among **CAPE LIGHT COMPACT JPE**, a governmental entity organized and existing under the laws of the Commonwealth of Massachusetts pursuant to G.L. c. 40, Section 4A½ (the Joint Powers Statute) as a joint powers entity (JPE), in the Commonwealth of Massachusetts (“Borrower”), and the **UNITED STATES OF AMERICA** (the “Government”), acting by and through the Administrator (together with any person succeeding to the powers and rights of the Administrator with respect to this Agreement, the “Administrator”), of the Rural Utilities Service (together with any agency succeeding to the power and rights of the Rural Utilities Service with respect to this Agreement, the “RUS” acting as “Lender”); and Cape Cod Five Cent Savings Bank (“Financial Institution”) with respect to the following:

A. Pursuant to that certain Security Agreement and Financing Statement dated as of April 30, 2024, by and between Borrower and Lender (the “Security Agreement”), Borrower has agreed to provide certain collateral, including, without limitation, the Deposit Account (as defined herein), to Lender to secure the Loan and the Note (both as defined in the Security Agreement). The Security Agreement has been executed in connection with a certain loan agreement (the “Loan Contract”) being made by Lender to Borrower, which Loan is being made by the Rural Utilities Service pursuant to Section 6407 of the Farm Security and Rural Investment Act of 2002, as amended.

B. Borrower has established the following deposit account with Financial Institution (whether one *or more*, individually and collectively, the “Deposit Account”):

Name in Which Account is Maintained	Branch in which Account is Maintained / Routing Number	Account Number
Loan Funds Account	Insert Bank Address	Insert XXXX

C. The parties hereto desire to enter into this Agreement in order to set forth their respective rights and obligations with respect to the Deposit Account and all funds on deposit therein from time to time and to perfect Lender's security interest in the Deposit Account.

NOW, THEREFORE, in consideration of the foregoing premises and the mutual covenants and agreements hereinafter set forth, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Effectiveness. This Agreement shall take effect immediately upon its execution by all parties hereto and shall supersede any deposit account control agreement, account opening agreement, account agreement, security agreement, or similar agreement in effect with respect to any Deposit Account.

2. Security Interest: Borrower. As collateral security for Borrower's obligations to Lender under the Security Agreement and the other loan documents described therein, Borrower hereby grants to Lender a present and continuing security interest in (a) the Deposit Account, (b) all contract rights, claims and privileges in respect of the Deposit Account, and (c) all cash, checks, money orders and other items of value of Borrower now or hereafter paid, deposited, credited or held (whether for collection, provisionally or otherwise) to or in the Deposit Account or otherwise in the possession or under the control of, or in transit to, Financial Institution or any agent, bailee or custodian thereof for deposit in or credit to the Deposit Account and all proceeds of the foregoing (collectively, "Receipts"). Financial Institution acknowledges the security interests of Lender in the Deposit Account and Receipts and that this Agreement constitutes notice of such security interests and Financial Institution further acknowledges and agrees that it does not and shall not object to or contest the validity or first priority of Lender's security interests in such collateral.

3. Control of Deposit Account.

(a) Borrower and Financial Institution acknowledge and agree that Lender has control (as defined in M.G.L. c. 106, § 9-104) of the Deposit Account.¹ Financial Institution will not permit the withdrawal or other disposition of any funds in the Deposit Account except as expressly provided in this Agreement.

(b) Until such time as Lender delivers a Notice of Exclusive Control (in form substantially the same as attached hereto as Exhibit A and incorporated herein by this reference) to Financial Institution, Financial Institution shall comply with instructions directing the withdrawal, payment, transfer or other disposition of funds in the Deposit Account ("Disposition Instructions") originated by Borrower which Borrower is entitled to give concerning the Deposit

¹ Pursuant to and in accordance with Section 9-104, UCC, "control" by a secured party of a deposit account is effectuated, among other things, where the debtor, the secured party, and the Financial Institution with which the deposit account is maintained have agreed in an authenticated record that the Financial Institution will comply with instructions originated by the secured party directing disposition of the funds in the deposit account without further consent by the debtor, even if the debtor retains the right to direct the disposition of funds from the deposit account.

Account in accordance with the Loan Contract; provided however, that the Financial Institution will not permit the Borrower to withdraw sums from the Deposit Account without the prior approval of the Lender if the credit balance remaining would be less than [\$ Not Applicable] or close the Deposit Account without the written approval of the Lender. Nothing in the foregoing shall, or shall be construed to, limit, impair, or otherwise adversely affect any of Lender's rights or remedies under the Security Agreement. A "Notice of Exclusive Control" is a written notice from Lender to Financial Institution that Lender is thereby exercising exclusive control over the Deposit Account and the funds therein; for an example, see Sample Exhibit A. Lender may at any time deliver to Financial Institution a Notice of Exclusive Control.

(c) Within a reasonable time after Financial Institution receives a Notice of Exclusive Control in accordance with this Section 3, but in all events no later than three (3) business days after such receipt, and until the Lender has rescinded or withdrawn such Notice of Exclusive Control: (i) Financial Institution will comply solely with instructions originated by Lender with respect to the Deposit Account and any and all funds therein, including, without limitation, any stop payment orders for any items presented to the Deposit Account for payment, withdrawals from the Deposit Account or any other disposition thereof, without further consent by Borrower; (ii) Financial Institution will cease, without further consent of Borrower, complying with instructions concerning the Deposit Account or funds on deposit therein originated by Borrower or the representatives of Borrower; and (iii) Financial Institution will provide notice to Borrower of actions taken with respect to the Deposit Account. Without in any way limiting the foregoing, in the event of any dispute between Lender and Borrower, Financial Institution shall, in all circumstances after a Notice of Exclusive Control has been given, follow the directions of the Lender and shall not follow the directions of the Borrower.

(d) Lender is entitled to give a Notice of Exclusive Control and Financial Institution is obligated to follow the directions of Lender in respect of the Deposit Account, without any right or duty to inquire further.

(e) The Deposit Account will use Borrower's taxpayer identification number.

4. Fees. Borrower shall be responsible only for those usual and customary service charges, transfer fees, and account maintenance fees (collectively, "Fees") of Financial Institution in connection with the Deposit Account that would otherwise exist in the absence of this Agreement. Lender shall not have any responsibility or liability for the payment of any Fees.

5. Representations and Warranties. The Financial Institution represents and warrants to the Lender that the Financial Institution (i) is an organization engaged in the business of banking and is insured by the FDIC, (ii) maintains the Deposit Account as a demand deposit account(s) in the ordinary course of the Financial Institution's business and (iii) has not entered into any currently effective agreement with any person under which the Financial Institution may be obligated to comply with Disposition Instructions originated by a person other than the Borrower or the Lender with regard to the Deposit Account. The Financial Institution will not enter into any agreement with any person under which the Financial Institution may be obligated to comply with Disposition Instructions with regard to the Deposit Account originated by a

person other than the Borrower or the Lender.

6. Setoff. Except for Fees of Financial Institution payable pursuant to Section 4 hereof, Financial Institution hereby agrees that Financial Institution will not exercise or claim any right of setoff or security interest or banker's lien against the Deposit Account or any Receipts on deposit therein, and Financial Institution hereby further waives any such right or lien that it may have against any Receipts deposited in the Deposit Account.

7. Limits of Financial Institution's Liability.

(a) Financial Institution will not be liable to Borrower (debtor) for any expense, claim, loss, damage or cost ("Damages") arising out of or relating to its performance under this Agreement other than those Damages which result directly from Financial Institution's acts or omissions constituting gross negligence or willful misconduct.

(b) Notwithstanding any of the other provisions in this Agreement, in the event of the commencement of a case pursuant to Title 11, United States Code, filed by or against Borrower, or in the event of the commencement of any similar case under then applicable federal or state law providing for the relief of debtors or the protection of creditors by or against Borrower, Financial Institution may act as Financial Institution deems necessary to comply with all applicable provisions of governing statutes and shall not be in violation of this Agreement as a result.

(c) Financial Institution shall be permitted to comply with any writ, levy order or other similar judicial or regulatory order or process concerning the Deposit Account and shall not be in violation of this Agreement for so doing.

8. Indemnity. To the extent permitted by law (including, but not limited to, the limitations on local powers imposed by the Amendments to the Constitution of the Commonwealth of Massachusetts), Borrower will indemnify Financial Institution, its officers, directors, employees, and agents against claims, liabilities, damages, and expenses arising out of this Agreement or the Deposit Account including reasonable attorneys' fees and disbursements and the reasonable estimate of the allocated costs and expenses of in-house legal counsel and staff), except to the extent such claims, liabilities, or expenses are caused by Financial Institution's gross negligence or willful misconduct.

9. Termination. This Agreement may be terminated by Borrower only upon delivery to Financial Institution of a written notification jointly executed by Borrower and Lender. This Agreement may be terminated by Lender at any time, upon its delivery of written notice to Borrower and Financial Institution. This Agreement may be terminated by Financial Institution at any time on not less than 60 days' prior written notice delivered to Borrower and Lender. Upon delivery or receipt of such notice of termination by Financial Institution, and upon subsequent direction by the Lender, Financial Institution will immediately transmit to such deposit account as Lender may direct all funds, if any, then on deposit in the Deposit Account. Notwithstanding the foregoing, this Agreement shall terminate automatically upon payment in full of the Loan and the Notes.

10. Notices. Any notice or document required or permitted to be delivered hereunder shall be in writing and shall be effective upon (i) delivery, if personally delivered or sent by overnight courier, (ii) three business days after mailing, if mailed. All notices shall be personally delivered, delivered by overnight courier or sent by United States Mail, postage prepaid, Certified or Registered Mail, addressed to the parties hereto at the respective addresses set forth on the signature pages, or at such other address as they have theretofore specified by written notice delivered in accordance herewith, or (iii) in the case of notice by electronic mail or by such a telecommunications device, upon transmission thereof, provided such transmission shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient. Any party hereto, at any time, by written notice given to the other in accordance with this Section, may designate a different address to which such communications shall thereafter be directed. Any notice issued or made by Lender to Financial Institution shall simultaneously be issued or made to Borrower. Any notice issued or made by Financial Institution shall simultaneously be issued or made to Borrower.

11. Deposit Account Information. The Financial Institution will provide to the Lender, whether by Internet access, to the extent that the Financial Institution has the operational ability to do so, or otherwise, a copy of each periodic account statement relating to the Deposit Account ordinarily furnished by the Financial Institution to the Borrower. The Financial Institution's liability for failing to provide the account statement shall not exceed the Financial Institution's cost of providing the statement. The Borrower authorizes the Financial Institution to provide to the Lender, whether by internet access or otherwise, any other information concerning the Deposit Account that the Financial Institution may agree to provide to the Lender at the Lender's request.

12. Miscellaneous.

(a) This Agreement shall be binding on and shall inure to the benefit of the parties and their respective successors and assigns, but neither Borrower nor Financial Institution shall be entitled to assign or delegate any of its rights and/or duties under this Agreement without mutual agreement of all of the parties.

(b) Lender may assign its rights and/or duties under this Agreement by written notice to Financial Institution and Borrower and such assignment shall be effective as to Borrower and Financial Institution upon written notice to same.

(c) This Agreement may be executed in any number of several counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. A signature delivered by facsimile transmission or other electronic means shall be deemed the equivalent of an original signature for all purposes.

(d) This Agreement shall be governed by Federal law and the laws of the Commonwealth of Massachusetts.

(e) This Agreement may be amended only by a written instrument executed by Lender, Financial Institution, and Borrower acting by their respective duly authorized

representatives.

(f) Borrower acknowledges that the agreements made by it and the authorizations granted by it in this Agreement are irrevocable and that the authorizations granted in this Agreement are powers coupled with an interest.

(g) All amounts in the Deposit Account must be invested in securities or deposits issued or guaranteed or fully insured as to payment by the United States government or any agency thereof.

[SIGNATURES ON FOLLOWING PAGES]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement by their duly authorized officers as of the day and year first above written.

CAPE LIGHT COMPACT JPE

("Borrower")

By: _____

Name: _____

Title:

Address for notices:

Cape Light Compact JPE

261 Whites Path, Unit 4

South Yarmouth, MA 02664

UNITED STATES OF AMERICA
("Lender")

By: _____

Name: _____

Title: Administrator
Rural Utilities Service

Address for notices:
U.S. Department of Agriculture
1400 Independence Avenue, SW
Washington, D.C. 20250-1500

Attn: Administrator
Or via electronic mail to:
RUSElectric@usda.gov

????? BANK. N.A.

(“Financial Institution”)

By: _____

Name: _____

Title: _____

Address for notices:

Financial Institution Address

Anytown USA Zip Code

Sample Exhibit A

NOTICE OF EXCLUSIVE CONTROL

[Letterhead of Lender]

[Date]

[Bank Name]

Attn:

[Bank Address]

Re: Deposit Account Number(s): xxxx
Notice of Exclusive Control

Ladies and Gentlemen:

Reference is made to the Deposit Account Control Agreement dated as of _____ (the "Agreement") by and among **Cape Light Compact JPE** (the "**Borrower**"), the **Rural Utilities Service** (as "**Lender**") and **[Bank's Name]** ("**Financial Institution**") regarding the above-described deposit account(s) (whether one or more, individually and collectively, the "**Deposit Account(s)**"). A copy of the Agreement is attached hereto.

In accordance with this Agreement, we hereby give you notice of our exercise of exclusive control over the Deposit Account, and we hereby instruct you to transfer collected and available funds to our account as follows:

Financial Institution Name:	[Bank's Name]
Address:	[Address]
ABA Routing:	xxxxxxx
Account No.:	xxxxx
Reference:	Massachusetts 26-A50 Barnstable

Very truly yours,

Rural Utilities Service
as Lender

By: _____
Name: _____
Title: _____

Document #6 on Slide #3 of Presentation

[Closing Date]

Administrator
Rural Utilities Service
U. S. Department of Agriculture
Washington, D. C. 20250-1500

Re: RUS Project Designation: Massachusetts 26-A50 Barnstable

Dear Sir or Madam:

We have acted as counsel to Cape Light Compact JPE (the "Borrower"), a governmental entity organized and existing under the laws of the Commonwealth of Massachusetts pursuant to G.L. c. 40, Section 4A½ (the Joint Powers Statute) as a joint powers entity ("JPE"), in the Commonwealth of Massachusetts, in connection with that certain \$4,900,000 loan (the "Loan") from the United States of America, acting by and through the Administrator of the Rural Utilities Service (the "Lender"), to the Borrower (the "Loan Transaction"). This opinion is delivered to the Lender at the request of the Borrower in connection with the Loan Transaction.

Transaction Documents. For purposes of rendering this opinion with respect to the Loan Transaction, we have examined the following documents, all dated of even date herewith, unless otherwise noted below:

- (i) Loan Contract of even date herewith between the Borrower and the Lender (the "Loan Contract").
- (ii) Note of even date herewith in the original principal amount of \$4,900,000 from the Borrower to the Lender (the "Note").
- (iii) Security Agreement and Financing Statement of even date herewith between the Borrower and the Lender (the "Security Agreement").
- (iv) Two Deposit Account Control Agreements of even dated herewith among the Borrower, the Lender and Cape Cod Five Cents Savings Bank (the "Deposit Agreements").
- (v) A letter of credit issued by Cape Cod Five Cents Savings Bank in favor of the Lender in respect of the Borrower's obligations under the Note (the "Letter of Credit")

For purposes of this opinion, the Loan Contract, the Note, the Security Agreement and the Deposit Agreements are hereinafter collectively referred to as the “Loan Documents.”

Organizational Documents. In addition, we have reviewed the following organizational documents (the “Borrower Organizational Documents”), which the Borrower has represented to us are the only documents pursuant to which the Borrower is currently organized and/or which govern ~~its~~^{their} affairs with respect to the Loan Transaction:

Third Amended and Restated Joint Powers Agreement dated as of April 10, 2024 (the “JPA”). Based on the JPA, we make the following factual representations to the Lender:

(i) The Borrower is a governmental entity and is not required to register to conduct its business in the Commonwealth of Massachusetts.

(ii) The Borrower is a governmental entity organized and in existence under the laws of the Commonwealth of Massachusetts pursuant to G.L. c. 40, Section 4A½ (the Joint Powers Statute) as a JPE.

(ii) The exact true and correct legal name of the Borrower, as stated in its Third Amended and Restated Joint Powers Agreement is Cape Light Compact JPE.

We have also reviewed and relied upon such certificates of representatives of the Borrower as to factual matters, certificates of public officials and other instruments, documents and agreements as a basis for the opinions set forth below. In addition, we have relied as to factual matters upon the representations, warranties, certifications contained in the Loan Documents.

Whenever any opinion below as to the existence or absence of facts is qualified by the phrase “to our knowledge,” such phrase indicates only that the lawyers of this firm substantively involved in the representation of the Borrower in the Loan Transaction have no actual knowledge of the existence or absence of such facts. Except to the extent expressly stated herein, we have not undertaken any independent investigation to determine the existence or absence of any such facts, and no inference as to our knowledge of the existence or absence of such facts should be drawn from the fact of our representation of the Borrower.

Except to the extent otherwise set forth above, for purposes of this opinion, we have not made an independent review of any agreements, instruments, writs, orders, judgments, rules or other regulations which may have been executed by or which may now be binding upon the Borrower, nor have we undertaken to review our internal files or any files of the Borrower, relating to transactions to which the Borrower be a party, or to discuss their transactions or business with any other lawyers in our firm or with any other representatives of the Borrower.

Assumptions

In rendering this opinion, we have assumed, with your express permission and without independent verification or investigation, each of the following:

(a) Each of the respective parties thereto (other than the Borrower) has the full right, power and authority to execute, deliver and perform all of its obligations under the Loan Documents, and all other documents required or permitted to be executed, delivered and performed thereunder and has taken all necessary action to enter into, and has duly executed and delivered, each such document.

(b) All natural persons executing the Loan Documents have the legal capacity to do so; all signatures on all documents submitted to us are genuine; all documents submitted to us as originals are authentic; all certificates of public officials and representatives of the Borrower have been properly issued and are accurate; and all documents submitted to us as copies conform to the original documents, which themselves are authentic.

(c) To the extent that any of the Loan Documents imposes any obligations upon the Lender, the Loan Documents are valid and binding obligations of the Lender, enforceable against the Lender in accordance with their respective terms.

(d) There are no prior or contemporaneous written or oral understandings, agreements or courses of dealing among the parties at variance with any of the terms of the Loan Documents.

(e) Value has been given to the Borrower to support the obligations of the Borrower under the Loan Documents, and the Borrower has rights in the collateral described in the Loan Documents (the "Pledged Property") or the power to transfer rights in the Pledged Property to the Lender.

(f) To the extent the Borrower guarantees or grants a security interest as security for any obligations in respect of any "swap" within the meaning of Section 1a(47) of the Commodity Exchange Act (as defined below), that the Borrower is, at the time such guarantee or security interest becomes effective with respect to any such swap, an "eligible contract participant" as defined in the Commodity Exchange Act (7 U.S.C. Section 1, et seq.), as amended from time to time and any successor statute (collectively, the "Commodity Exchange Act").

Opinions

Based upon the foregoing assumptions and subject to the qualifications, limitations and exceptions set forth herein, we are of the opinion that:

1. The Borrower is a governmental entity organized and in existence under the laws of the Commonwealth of Massachusetts pursuant to G.L. c. 40, Section 4A½ (the Joint Powers Statute) as a JPE, with the power to borrow money, to encumber the Pledged Property described in the Financing Statement as security and to execute and deliver the Loan Documents and perform its obligations under the Loan Documents. The Borrower has authorized execution, delivery and performance of the Loan Documents and does not require consent, permission, or authorization of any other government authority. Subsection (e) of the Joint Powers Statute provides that "[t]he board of directors may borrow money, enter into long or short-term loan agreements or mortgages and apply for state, federal or corporate grants or contracts to obtain funds necessary to carry out the purposes of the entity.

2. Each of the Loan Documents has been duly executed and delivered by the Borrower and is a valid and binding obligation of the Borrower, enforceable against the Borrower in accordance with its terms.

3. The execution and delivery of the Loan Documents by the Borrower and the consummation by the Borrower of the transactions provided for in the Loan Documents do not violate the Borrower Organizational Documents. To our knowledge, the execution and delivery of the Loan Documents and the consummation of the Loan by the Borrower (a) do not violate any applicable law or any order of any court or governmental authority that is binding on the Borrower and (b) will not result in the creation or imposition of any lien, charge or encumbrance upon any assets of the Borrower, except as contemplated by the terms of the Loan Documents.

4. The Financing Statement is in proper form for filing in the Filing Office. Upon proper filing and indexing of the Financing Statement in the Filing Office, the Lender will have a perfected security interest in the Pledged Property described in the Financing Statement to the extent that a security interest in such Pledged Property may be perfected by the filing of a financing statement under the Uniform Commercial Code of the Commonwealth of Massachusetts.

5. We are not representing the Borrower in any pending litigation in which it is a named defendant challenges the validity or enforceability of, or seeks to enjoin the performance of, the Loan Documents.

6. The Borrower has caused the Letter of Credit to be obtained and delivered to the Lender.

Qualifications

The opinions set forth herein are subject to the following qualifications, assumptions and limitations:

(a) Enforceability of the Loan Documents may be limited by the effect of bankruptcy, insolvency, fraudulent conveyance, fraudulent transfer, reorganization, moratorium and other similar state or federal laws affecting the rights and remedies of

creditors or the collection of debtors' obligations in general. This exception includes without limitation the effect of the Federal Bankruptcy Code in its entirety, including matters of contract rejection, fraudulent transfer and obligation, turnover, preference, equitable subordination, automatic stay, conversion of a non-recourse obligation into a recourse obligation, and substantive consolidation. This exception also includes state laws regarding fraudulent transfers, obligations, and conveyances, and state receivership laws.

(b) Enforceability of the Loan Documents may be limited by the effect of general principles of equity, whether applied by a court of law or equity. This exception includes without limitation the following concepts: (i) principles governing the availability of specific performance, injunctive relief or other traditional equitable remedies; (ii) principles affording traditional equitable defenses (e.g., waiver, laches and estoppel); (iii) good faith and fair dealing; (iv) reasonableness; (v) materiality of the breach; (vi) impracticability or impossibility of performance; (vii) the effect of obstruction, failure to perform or otherwise to act in accordance with an agreement by any person other than the Borrower; (viii) the effect of the UCC Section 1-302(b); and (ix) unconscionability.

(c) Certain remedies, waivers and other provisions of the Loan Documents may not be enforceable, but such unenforceability will not render the Loan Documents invalid as a whole or preclude the judicial enforcement of the obligation of the Borrower to repay the principal of the Note, together with non-default interest thereon, or the judicial enforcement of the obligation of the Borrower to repay such principal and non-default interest. Provisions that may be unenforceable due to public policy concerns may include, but are not limited to, the waiver of procedural, substantive or constitutional rights or other legal or equitable rights, including, without limitation, the waiver of the right to a jury trial and the right of statutory or equitable redemption; the confession or consent to any judgment; the consent by the Borrower to the jurisdiction of any court or to service of process in any particular manner; disclaimers or limitations of liabilities; discharges of defenses; the exercise of self-help or other remedies without judicial process; waiver of any valuation right; waiver of any right to require a marshalling of assets; waivers as to limitations upon deficiency judgments; and the waiver of accountings for rent or sale proceeds.

(d) We express no opinion as to the enforceability of any provisions of any of the Loan Documents which impose liquidated damages, penalties, forfeitures, or an increase in interest rate upon default or which appoint the Lender or others as the agent or attorney-in-fact for the Borrower.

(e) We express no opinion with respect to the description, title, ownership or location of any of the Pledged Property or the priority of any lien or security interest intended to be granted therein pursuant to one or more of the Loan Documents.

(f) We express no opinion as to the effectiveness of any provisions of the Loan Documents that provide for the assignment or transfer of any permits, licenses or similar rights of the Borrower.

(g) Our opinions set forth in paragraphs 4 and 5 above are subject to the following additional qualifications, assumptions and limitations:

(i) The perfected security interest of the Lender in the Pledged Property requires the filing of continuation statements within the period of six months prior to the expiration of five years from the date of filing of the Financing Statement.

(ii) Under certain circumstances described in Section 9-315 of the UCC, the rights of a secured party to enforce a perfected security interest in proceeds of collateral may be limited.

(iii) Under certain circumstances described in Sections 9-320, 9-323 and 9-330 of the UCC, purchasers of collateral may take the same free and clear of a perfected security interest.

(iv) Pursuant to Section 9-507 of the UCC, a filed financing statement is not effective to perfect a security interest in collateral acquired by a debtor more than four months after a change in the debtor's name that makes the financing statement seriously misleading, unless an amendment to the financing statement that renders the financing statement not seriously misleading is filed within four months after the change.

(v) We express no opinion as to the perfection of the security interest of the Lender in any collateral which may not be perfected by the filing of a financing statement under Article 9 of the UCC.

(vi) The priority of the Lender's security interest in the Pledged Property may be subject to purchase money security interests of others in the Collateral.

(vii) We have assumed that none of the Pledged Property consists of consumer goods, farm products, crops, timber, minerals and the like (including oil and gas) or accounts resulting from the sale thereof.

(viii) Pursuant to Section 9-316 of the UCC, unless otherwise perfected, a perfected security interest will become unperfected upon the earliest to occur of (x) the time perfection would have ceased under the law of the jurisdiction where perfected, (y) the expiration of four months after a change of the debtor's location to another jurisdiction, or (z) the expiration

of one year after a transfer of collateral to a person that thereby becomes a debtor and is located in another jurisdiction.

(ix) To the extent that the Security Agreement creates a security interest in collateral, the UCC provides that the law of the state where the debtor is “located” (as defined in the UCC) will govern the perfection of a security interest in such collateral by the filing of a financing statement.

(x) We express no opinion with respect to the creation or perfection of a security interest in any “commercial tort claim” as defined in the UCC.

(xi) The applicable provisions of Section 9-301 through 9-307 and Section 9-316 of the UCC specifies which jurisdiction’s laws govern the perfection and priority of a security interest, and we express no opinion as to any security interest the perfection of which is not governed by the laws of the Commonwealth of Massachusetts.

(h) We express no opinion as to the enforceability of provisions requiring indemnification for, or providing exculpation, release or exemption from liability for, action or inaction, to the extent such action or inaction involves negligence or willful misconduct or to the extent otherwise contrary to public policy.

(i) We express no opinion as to the enforceability of provisions that waivers or consents by a party may not be given unless in writing or in compliance with particular requirements or that a person's course of dealing, course of performance, or the like, or failure or delay in taking actions, may not constitute a waiver of related rights or provisions or that one or more waivers may not under certain circumstances constitute a waiver of other matters of the same kind.

(j) In the case of property which becomes collateral after the date hereof, Section 552 of the Federal Bankruptcy Code limits the extent to which property acquired by a debtor after the commencement of a case under the Federal Bankruptcy Code may be subject to a security interest arising from a security agreement entered into by the debtor before the commencement of such case.

(k) Our opinions are subject to limitations imposed by the valid exercise of the police power and any emergency powers of the United States or the Commonwealth of Massachusetts, or by the valid exercise of any federal or Commonwealth of Massachusetts criminal or civil forfeiture laws.

(l) We express no opinion as to the enforceability of any severability clauses in the Loan Documents.

(m) We express no opinion as to the enforceability of contractual provisions providing for choice of governing law.

(n) We express no opinion as to the enforceability of the Borrower's grant of a security interest to secure a swap obligation if, and to the extent that, the Borrower's grant of such security interest is or becomes illegal under the Commodity Exchange Act or any rule, regulation or order of the Commodity Futures Trading Commission (or the application or official interpretation of any of the foregoing) by virtue of the Borrower's failure to constitute an "eligible contract participant" (as defined in the Commodity Exchange Act) at the time the grant of such security interest becomes effective with respect to the swap obligation.

(o) We express no opinion as to the enforceability of contractual provisions requiring the Borrower to indemnify Lender or any other party.

This opinion is limited to (a) the internal laws of the Commonwealth of Massachusetts and (b) the federal laws of the United States of America that are applicable to loan transactions generally, in each case excluding the following legal issues or the application of any such laws or regulations to the matters on which our opinions are referenced: (i) federal and state securities laws; (ii) the local laws of the Commonwealth of Massachusetts (i.e., the statutes, ordinances, the administrative decisions and the rules and regulations of counties and municipalities of the Commonwealth of Massachusetts); (iii) federal and state antitrust and unfair competition laws and regulations; (iv) federal and state tax laws and regulations; (v) federal and state regulatory laws and regulations applicable to any entity as a result of its nonprofit status or solely because of the business in which it is engaged; (vi) federal and state environmental laws and regulations; and (vii) laws, rules and regulations relating to money laundering and terrorist groups (including any requirements imposed under the USA Patriot Act of 2001, as amended). We are expressing no opinion as to the effect of the laws of any other jurisdiction. This opinion is rendered solely to the Lender in connection with the Loan Transaction and may be relied upon only by the Lender, any participants in the Loan, and any successors and assigns of the Lender, as holder of the Loan (provided, however, any reliance by an assignee must be actual and reasonable under the circumstances existing at the time of such assignment, including any changes in laws, facts or other developments known or knowable to the assignee at such time). This opinion may not be quoted in whole or in part or relied upon by any other party or for any other purpose other than the purposes herein stated without our prior written consent.

Notwithstanding anything to the contrary, liability and recovery, if any, in connection with this opinion or any other matter(s) related thereto cannot and does not exceed the then malpractice coverage of KO Law, P.C. and does not extend to the business, assets or revenue of KO Law, P.C. nor to the personal assets of any director, officer, shareholder or employee of KO Law, P.C.

This opinion is rendered as of the date hereof, and we undertake no obligation to advise you of any changes in applicable law or any other matters that may come to our attention after the date hereof.

Yours very truly,

Document #7 on Slide #3 of Presentation

SECRETARY'S CERTIFICATE

I, David Anthony, do hereby certify that: I am the secretary of Cape Light Compact JPE (hereinafter called the "Borrower"), the following are true and correct copies of resolutions duly adopted by the Board of Directors of the Borrower at the regular meeting on April 10, 2024, and entered in the minutes ~~book~~ of the Borrower; the meeting was duly and regularly called and held in accordance with the Joint Powers Agreement of the Borrower as in effect; the attached forms of "Loan Documents" (as defined in the resolutions contained in this Secretary's Certificate) are true and exact copies of the forms thereof authorized and approved by the Board of Directors to be executed, and none of the following resolutions has been rescinded or modified:

RESOLUTIONS

1. RESOLVED that the Borrower borrow from the United States of America ("Government"), acting through the Administrator of the Rural Utilities Service ("RUS"), an amount not to exceed \$4,900,000.00 ("Loan"), for financial assistance pursuant to the Rural Energy Savings Program ("RESP"); and

2. RESOLVED that the Borrower accept the terms and conditions that the Administrator of RUS has established for the RESP loan as set forth in the forms of RUS Loan Contract, Note, Security Agreement, and Deposit Account Control Agreement(s) (collectively, the "Loan Documents") submitted to the Board of Directors at this regular meeting; and

3. RESOLVED that the Cape Light Compact JPE Administrator is authorized and directed on behalf of the Borrower to execute and deliver in as many counterparts as is deemed advisable, which the secretary is directed to attest:

- (a) the Loan Contract;
- (b) the Note payable to RUS in the principal amount of \$4,900,000.00, substantially in the form of the Note submitted to this meeting;
- (c) the Security Agreement(s) by and between the Borrower and the Government, which, among other things, pledges the Borrower's Energy Efficiency Account and Loan Funds Account (all as further defined in the Security Agreement(s)) to secure the Note payable to the Government;
- (d) Deposit Account Control Agreements for the Energy Efficiency Account and the Loan Funds Account; and
- (e) the form of an irrevocable, renewable standby letter of credit in favor of RUS securing the payment of sums due to RUS on account of the Loan in the amount of 50% of the first advance and thereafter to be maintained in accordance with the Loan Documents.

4. RESOLVED that the Cape Light Compact JPE Administrator and such other officers of the Borrower as may be designated by her, are authorized and directed on behalf of the Borrower to take such other actions, execute such other instruments, and make all such payments as may

be necessary or appropriate in order to carry out the purposes and intent of the foregoing resolutions.

5. RESOLVED, that the Cape Light Compact JPE Administrator is authorized and directed on behalf of the Borrower to amend the loan documents listed in #3 above as the JPE Administrator deems necessary or desirable, and that that the Cape Light Compact JPE Administrator and such other officers or staff of the Borrower as may be designated by the Cape Light Compact JPE Administrator are authorized and directed to take all action that is necessary or desirable to effectuate and implement such loan documents.

I FURTHER CERTIFY THAT each member of the Board of Directors of the Borrower was furnished with notice of said meeting in compliance with the Joint Powers Agreement bylaws of the Borrower.

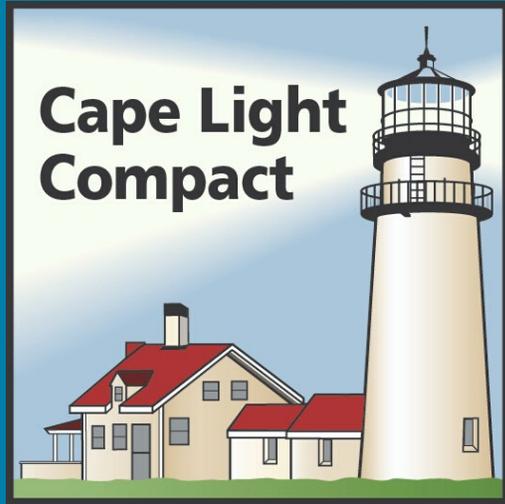
I FURTHER CERTIFY THAT the date of actual execution of the documents referred to above is _____, 2024.

I FURTHER CERTIFY THAT the following are the names and signatures, respectively, of the officers of the Borrower identified below who validly held and occupied their respective positions on said date of actual execution of the documents.

<u>Office</u>	<u>Name</u>	<u>Signature</u>
Cape Light Compact JPE Administrator	Margaret T. Downey	_____
Secretary	David Anthony	_____

IN WITNESS WHEREOF I have hereunto set my hand this _____ day of _____, 2024.

Secretary



**Cape Light
Compact**

*Your Trusted, Local
Energy Resource*

2025-2027 Energy Efficiency Plan April Draft update

Briana Kane, Implementation Manager

April 10, 2024



Policy Goals for 2025-2027



Decarbonization



Equity



Customer experience



Summary of Statewide Residential & Low-Income Offers

	Low Income (owner or renter)	Moderate Income (owner or renter)		Market Rate (or not income qualified)	
		Turnkey Pathway	Rebate Pathway	Renter	Owner
Weatherization	100% 	100% (self-attest)	N/A	100%	75%
Barrier Mitigation	100% 	100% 	N/A	\$5,000/unit	\$250 + HEAT Loan
Electrification	100% 	100% 	up to \$16,000 ASHP, \$25,000 GSHP 	\$10,000 whole home; \$2,000/condenser	

 denotes income verification required



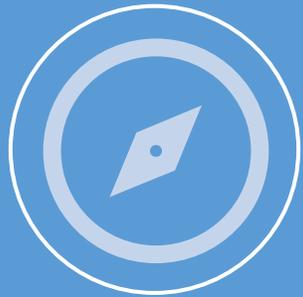
Small Business Enhancements

Support **decarbonization** of small businesses by increasing **access**, improving **customer experience**, and expanding the **workforce**

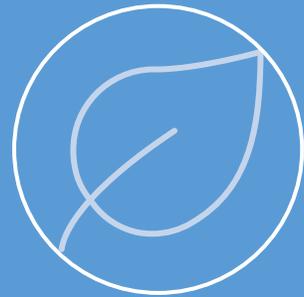
- Expand the Customer Directed Option pathway for customers
- Expand the renters and landlords enhanced offering
- Prioritize support for community-based organizations
 - Up to 100% incentives for charitable non-profits
 - Main Street events
 - Community First Partnership engagement
- Joint PA delivery of the Small Business Initiative



Compact Enhanced Customer Service



Triage best program



Home Energy and Decarbonization Assessment



CLC Incentives
State Incentives
Federal Incentives



Assistance with selected Pathway



Strengthen and Diversify the Workforce

- Collaborate with the Massachusetts Clean Energy Center to increase workforce diversity, **doubling annual funding from \$12 million to \$24 million per year.** Areas of focus:
 - Training for contractors who speak languages other than English (LOTE),
 - Business and skill development, barrier removal, and certification support for MWBEs, and
 - Comprehensive training and robust wrap around support services to mitigate barriers and increase access and successful outcomes for new entrants.
- Continue to hold Supplier Diversity Summits and add a new matchmaking effort to **match diverse suppliers with vendors**



2025-2027 budget detail

	2025	2026	2027
Residential	\$46,001,414	\$45,612,148	\$46,265,641
Low Income	\$17,854,233	\$17,978,213	\$19,414,862
Commercial	\$9,556,860	\$10,492,607	\$11,568,903
Total	\$73,412,506	\$74,082,967	\$77,249,406



Energy Efficiency Surcharge (EES) in cents/kWh

	Jan 1, 2022 approved	Jan 1, 2023 approved	July 1, 2023 approved	Jan 1, 2024 requested	Jan 1, 2024 approved	Jan 1, 2025 estimated	Jan 1, 2026 estimated	Jan 1, 2027 estimated
Residential	4.053	3.051	2.580	3.086	2.091	5.141	4.983	5.165
Income-Eligible	0.225	0.223						
Commercial	1.726	1.339	0.686	1.343	1.179	1.643	2.069	2.325

2025 does not include carryover (positive or negative)

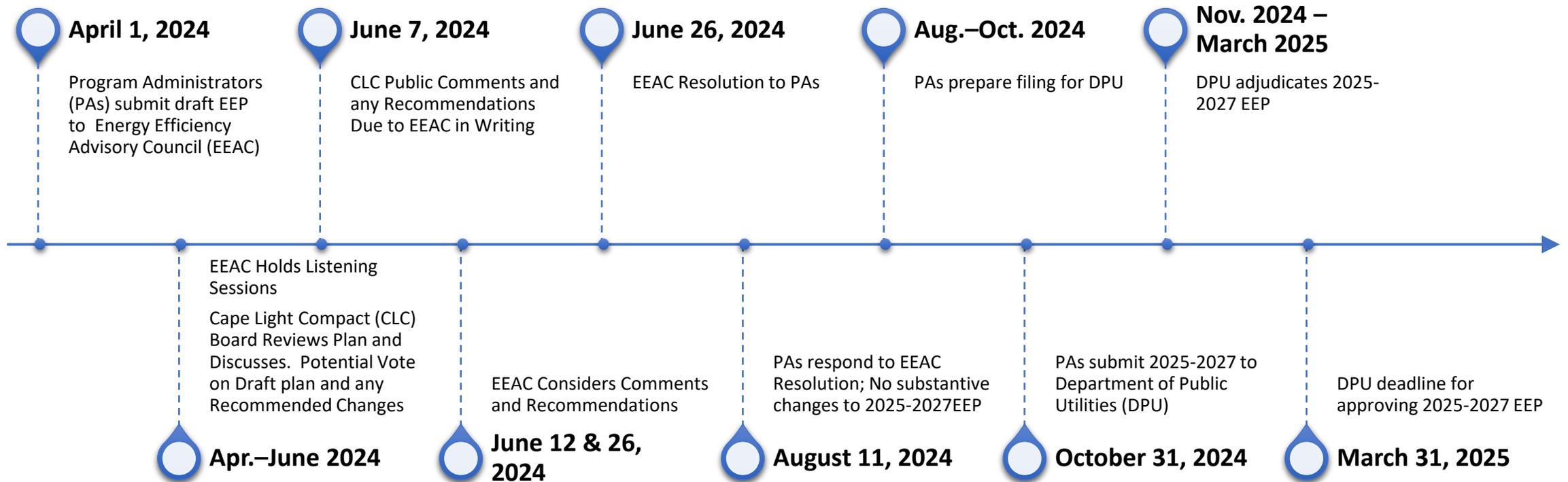
2025 does not include outside funds (RGGI, FCM, etc)

2025 distribution rates are not yet included

2024 does not include MTM. Expected July 1, 2024



Timeline for Compact Review of Statewide 2025-2027 Energy Efficiency Plan (EEP)



Next Steps

April 10th

- Compact Board discusses Plan
- Questions for staff
- Begins to formulate comments/questions on Plan

May 8th

- Compact Board discusses Plan
- Questions for staff
- Begins to formulate comments/questions on Plan

June 5th

- Compact Board meeting
- Finalize any comments for MA EEAC and potential vote on Plan



Direction from Compact Board

Community First Partnership

1. Use Statewide existing pathway, PA has a contractual relationship with Community First Partnership (CFP) Lead Vendor (LV) who oversees CFP Partners (local community group), with some Program Administrator (PA) support
2. Continue with existing model where PA has a contractual relationship with Community First Partnership (CFP) Lead Vendor (LV) who oversees CFP Partner(s) (local community group), but the CLC provides a higher level of day to day support
3. Change to CLC to providing the LV support through new Outreach staff, and oversees CFP Partner(s)

Compact recommendation: Option 3. The reasoning is more budget control for management of the effort with the potential for more community awards.



Direction from the Compact Board

Statewide Call Center vs. CLC Outreach/Call Center

1. Depart from CLC having a Call Center and join the SW Call Center offering.

2. Continue as planned and currently implemented with CLC having any calls that may reach the SW Call Center routed to CLC and CLC receiving any direct calls, emails, etc.

Compact recommendation: Option 2. The reasoning is more budget control and being able to provide Cape and Vineyard customers with local support staff including call center, implementation staff, and outreach staff. Additionally, the CLC currently offers this level of support and did not see the benefit to Cape and Vineyard customers to budget for the SW Call Center.



Direction from Compact Board

HEAT Loan

1

Depart from SW offering by maintaining payment terms of 7 years, cap loan max at \$30,000.

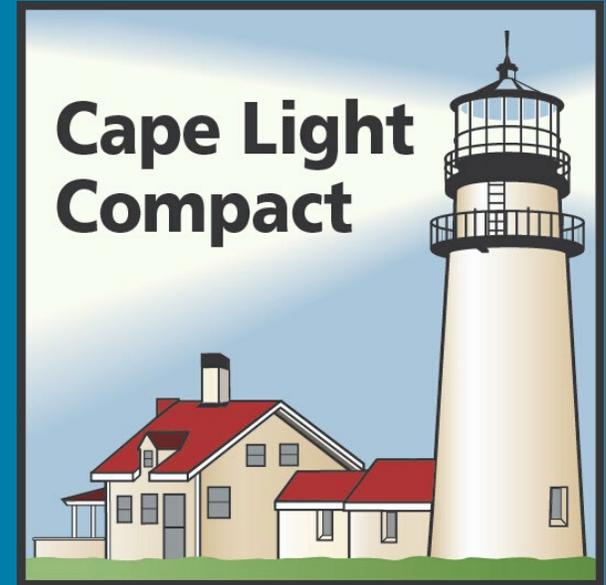
2

2. Align with SW offer of 5 year terms, cap loan max at \$25,000.

Compact recommendation: Option 2. The reasoning is an attempt to manage budget impacts per loan, looking strictly at lower interest paid out between 5 and 7 year terms. Additionally, as PAs expand low and moderate income offerings, customers who qualify and go through the turnkey pathway will receive Heat Pumps at no cost.



Questions?



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Energy Resource*