



Energy Programs Consortium Memorandum

To: State Energy Officials

From: Elizabeth Bellis, Counsel, EPC
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917-370-7916

Date: 11/29/2011

Re: QECBs: Opportunities and Potential Issues to Consider¹

IRS Circular 230 Disclosure: This information is intended for state and territory officials only and was not intended or written to be used, and cannot be used by any taxpayer, for the purpose of avoiding penalties that may be imposed on the taxpayer under U.S. Federal tax law.

In its role as a technical assistance provider for states and local governments interested in energy program finance, Energy Programs Consortium (“EPC”) has asked me to direct a project to provide technical assistance to state and local governments on QECBs and related financing programs. In this capacity, the National Association of State Energy Officials (NASEO) requested I prepare this memo for state energy officials interested in qualified energy conservation bonds (“QECBs”).²

As many of you are now aware, in 2009, Congress allocated \$3.2 billion for states, large local governments and tribal governments to issue qualified energy conservation bonds to finance renewable energy and energy efficiency projects. The total allocation was divided amongst the state, local and tribal issuers according to population, as shown in Table 1A attached to this memorandum.

At least 83 projects totaling over \$545 million have been funded with QECBs in 21 states to date. Some states, like Kansas and Kentucky, have exhausted or nearly exhausted their allocations, while others still have millions of dollars to spend. Additional issuances are being planned in 20 states.

The authority to issue these bonds does not sunset under current federal law.

¹ For more information, you can also contact Rebekah King, Research Associate, at rking@energyprograms.org or 202-333-5915.

² QECBs are similar to Build America Bonds (“BABs”) in that the interest on QECBs is taxable but the federal government offers a direct cash subsidy to the bond issuer to subsidize the interest costs. The subsidy on QECBs is twice as large as the BAB subsidy, making QECBs an extremely low-cost financing option for many issuers.

Qualified Energy Conservation Bond Process and Mechanics

As described above, Treasury allocated bond volume to the states, which in turn sub-allocate a portion of this authority to large local governments and municipalities (population 100,000 or more).³ These counties or municipalities may waive their allocations and return them to the states.⁴

The issuer sells taxable QECBs to investors and the bond proceeds are used to fund a qualified project (see below for a description of qualified projects).

Issuers can choose to issue taxable bonds with a corresponding tax credit to the holders of the bonds or (as is more commonly done) elect to receive a direct cash payment from Treasury in lieu of the allowance of the tax credit to the holders.

In the more popular direct pay QECB, the issuer pays a taxable coupon to the investor and repays principal at the end of the term. In conjunction, the issuer may make level annual payments into a fund known as a “sinking fund,” for payment of principal. Sinking funds are invested at the permitted sinking fund yield established at pricing (not shown in the Department of Energy (DOE) QECB Primer illustration below). Treasury pays issuer the lesser of the taxable coupon rate or 70% of the tax credit rate.

Whichever option the issuer chooses, the QECB subsidy is generally correlated with Treasury yields and has historically ranged from 2.9-4.1%. This corresponds to net financing costs for issuers of around 0.5- 1.5%. In addition, QECBs are fairly long-term financing options. The maximum amount of time the bonds can be outstanding (“maturity”) is set by the government and has historically ranged from 12.5-19 years.⁵ Up to date QECB rates and maturities can be found online at <https://www.treasurydirect.gov/GA-SL/SLGS/selectQTCDate.htm>.

³ See Notice 2009-29 (state by state allocations). The sub-allocation process has not been completed in some states.

⁴ States have used a number of different approaches to the waiver process. One approach is to require large local governments to affirmatively waive their allocations before treating them as waived back to the state for use or re-allocation. Another approach is to require large local governments to notify the state by a certain date of their intent to utilize their allocation (with failure to notify being treated as waiver). A third approach is to require large local governments to affirmatively waive their allocations if a plan of use is not developed by a certain date. Some bond counsel have questioned the validity of the latter two approaches and the issuances stemming from forced waiver allocations; state counsel have occasionally questioned the authority of the state to require local government waivers. As such, affirmative waivers appear to be the more conservative approach of the various approaches known to us.

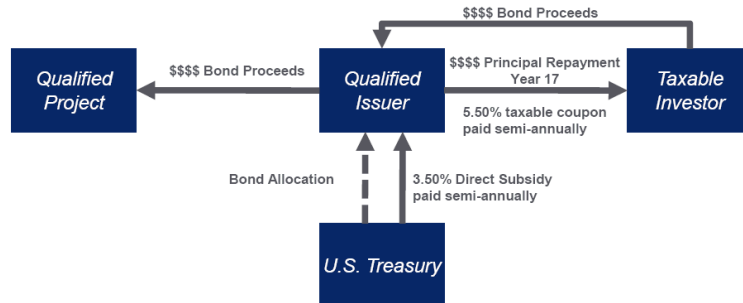
⁵ Source: Wells Fargo

Net Interest Cost Example from the DOE QECB Primer⁶:

6.00%----Taxable rate

3.70%----Minus Direct Subsidy (5.29% tax credit rate x 70% subsidy)

2.30%----Equals Net Interest Cost (Taxable Rate-Direct Subsidy)



EPC is supporting an ongoing project to provide technical assistance to states to develop energy efficiency finance and renewable energy programs. We have developed a capacity to examine options for states to issue tax credit bonds to support the financing of energy projects. We are also coordinating efforts with NASEO, DOE and Lawrence Berkeley National Laboratory to provide model documents and other QECB resources.⁷

Qualified Projects

QECBs may only be issued for qualified conservation purposes as defined in section 54D of the U.S. Internal Revenue Code. “Qualified conservation purposes” include capital expenditures:

1. To reduce energy consumption in publicly owned buildings by at least 20%⁸
2. To implement green community programs (including the use of grants, loans, or other repayment mechanisms to implement such programs)
3. For rural development (including producing renewable energy)
4. For certain renewable energy facilities (such as wind, solar, and biomass)⁹

The DOE QECB Primer indicates that a green community program can finance retrofits of existing private buildings through loans and/or grants to individual homeowners or businesses, or through other repayment mechanisms. Retrofits can include heating, cooling, lighting, water-saving, storm water-reducing¹⁰, or other efficiency measures.¹¹ However, issuers should keep in mind that IRS/Treasury, and not DOE, will audit bond issuances for compliance with section

⁶ The DOE QECB Primer may be found at: http://www1.eere.energy.gov/wip/pdfs/qecb_creb_primer.pdf

⁷ The NASEO QECB resource page may be found at: <http://www.naseo.org/resources/financing/qecb/index.html>

⁸ One issuer reported that the IRS provided informal guidance that these savings may need to be measured on a building-by-building basis; at least one issuer has issued bonds measuring savings on a portfolio basis.

⁹ Other qualified purposes include research activities, mass commuting facilities, demonstration projects, and public education campaigns.

¹⁰ One issuer reported that the IRS declined to rule favorably on whether water-conserving improvements were valid uses of QECBs issued under the 20% reduction in energy consumption prong of the eligible conservation purposes definition.

¹¹ http://www1.eere.energy.gov/wip/solutioncenter/pdfs/taking_advantage_of_qualified_energy_conservation_bonds_qecbs_presentation.pdf

54D and are not bound by DOE interpretation of IRS and Treasury rules and regulations. In addition, IRS and Treasury have provided little written guidance to address the more detailed questions most issuers have. A working relationship with experienced bond counsel is critical for potential issuers.

QECB Project Examples

Municipal Energy Efficiency -- Waterbury, CT

The Connecticut Development Authority issued \$3.8 million of QECBs on August 12, 2010. Funds generated from the QECBs went toward heating and air conditioning improvements and window replacement for the Waterbury city hall and library.¹²

Multifamily Energy Efficiency – Boulder, CO

The Boulder Housing Partners (BHP) issued \$1.5 million of QECBs on August 25, 2010 to increase energy efficiency in public housing projects. BHP used the bond proceeds for an Energy Performance Contract (EPC) to do weatherization and other energy reduction improvements on BHP's eight Public Housing sites. The EPC is expected to reduce carbon emissions in BHP's housing by 6,915 metric tons over the life of the project.¹³

Renewables -- Los Angeles, CA

The Department of Water and Power of the City of Los Angeles issued \$131 million of QECBs on August 17, 2010 to expand their existing wind facility with the addition of 10 1.5 MW wind turbines as well as to build and operate a solar photovoltaic electrical generation facility.¹⁴

Green Community Programs--Residential Energy Efficiency Loans -- St. Louis, MO

The city of St. Louis is using its \$10.7 million, issued April 19, 2011, in QECB funding for a residential energy efficiency loan program, which will provide unsecured loan financing for energy efficiency improvements to homes, with a maximum loan amount of \$15,000.¹⁵

Green Community Programs -- Commercial PACE -- Boulder, CO

The city of Boulder issued \$1.575 million in QECBs on November 5, 2010 and is using the funds for a Commercial PACE Program (funding commercial retrofits and efficiency improvements repaid through an annual property assessment).

University Improvements -- Louisville, KY

On December 15, 2010, the University of Louisville issued \$20,942,000 in QECBs. It combined this funding with Build America Bonds to make improvements (using energy service performance contracting) within seventeen education and general buildings. The improvements consisted of lighting retrofits, HVAC system replacement, building controls, motors, belts, water conservation, commissioning, and training.¹⁶

¹² http://www.ctcda.com/Financing/Bond_Financing/QUALIFIED_ENERGY_CONSERVATION_BONDS/

¹³ <http://www.stateenergyreport.com/using-qecbs-for-multifamily-housing-upgrades-a-case-study/>

¹⁴ <http://www.treasurer.ca.gov/cdlac/news/summary.pdf>

¹⁵ For information on the loan program, see www.stlouissaves.com. See also LBNL's Policy Brief: http://eetd.lbl.gov/ea/emp/reports/ee-policybrief_062011.pdf and DOE presentation on Taking Advantage of QECBs: <http://www1.eere.energy.gov/wip/solutioncenter/financialproducts/qecb.html>

¹⁶ See DOE presentation on Taking Advantage of QECBs:

<http://www1.eere.energy.gov/wip/solutioncenter/financialproducts/qecb.html>

Utilization Trends

The most common use of QECCBs has been to reduce energy consumption in publicly owned buildings by at least 20 percent through capital improvements to public facilities and public schools/universities. For example, such issuances make up 56 percent of total issuances and 100 percent of issuances in the Northwest and Southeast [regions with highest proportion used for 20 percent issuances]. However, of the QECCBs issued in the Southwest, 78 percent have been used for renewable energy facilities, like installing solar panels at public schools. Only two issuances in the United States have been as green community programs.

Across the country, state utilization rates range from complete lack of utilization (0 percent issued in a number of states) to complete exhaustion of allocation (100 percent issued in Kansas). See Table 1C. In addition to Kansas, other state leaders include Kentucky (93 percent), South Dakota (79 percent) and California (61 percent). Thirty states are not known to have issued any QECCBs.

Regionally, utilization rates range from about 5 percent in the Southeast to almost 50 percent in the Southwest. See Graph 5. The Northeast, Midwest and Central regions have utilization rates ranging from about 8.9-17.4%.

At the municipal level, issuances have ranged from as small as \$120,000 in Champaign County, Rantoul Township High School District 193, in Illinois to as large as \$131 million for the Los Angeles Department of Water and Power. See Table 1B. Large metropolitan areas that have issued QECCBs include Los Angeles, the City of Chicago, and St. Louis. Many are not yet known to have utilized their allocations, however, and might benefit from coordination with state and territorial energy officials.

Information Sharing and Technical Assistance

If you are exploring your options for energy program financing through QECCBs, EPC and NASEO can offer assistance by sharing other state and governmental officials' experiences, putting you in touch with issuers who have dealt with similar issues, and reviewing your financing structure to provide comments and feedback. Conversely, if you have any experiences to share, we would very much like to hear from you so that other state and local governments may benefit from your work. This effort is being undertaken in a coordinated way with the [NASEO Energy Financing Task Force](#), and EPC and NASEO will provide updates on these efforts on an ongoing basis.

If you would like more information on the issues listed above or if you have information on your state to feature, please contact me at ebellis@energyprograms.org and Diana Lin at dlin@naseo.org.

Table 1A: Qualified Energy Conservation Bonds Issued by State (11/29/2011)			
State	Amount	Issued	Remaining
Alabama	\$ 48,364,000	\$ -	\$ 48,364,000
Alaska	\$ 7,120,000	\$ -	\$ 7,120,000
Arizona	\$ 67,436,000	\$ 14,320,000	\$ 53,116,000
Arkansas	\$ 29,623,000	\$ -	\$ 29,623,000
California	\$ 381,329,000	\$ 232,834,730	\$ 148,494,270
Colorado	\$ 51,244,000	\$ 22,684,880	\$ 28,559,120
Connecticut	\$ 36,323,000	\$ 9,800,000	\$ 26,523,000
Delaware	\$ 9,058,000	\$ -	\$ 9,058,000
District of Columbia	\$ 6,140,000	\$ -	\$ 6,140,000
Florida	\$ 190,146,000	\$ -	\$ 190,146,000
Georgia	\$ 100,484,000	\$ -	\$ 100,484,000
Hawaii	\$ 13,364,000	\$ -	\$ 13,364,000
Idaho	\$ 15,809,000	\$ -	\$ 15,809,000
Illinois	\$ 133,846,000	\$ 44,370,000	\$ 89,476,000
Indiana	\$ 66,155,000	\$ 3,300,000	\$ 62,855,000
Iowa	\$ 31,150,000	\$ -	\$ 31,150,000
Kansas	\$ 29,070,000	\$ 29,070,000	\$ -
Kentucky	\$ 44,291,000	\$ 41,306,080	\$ 2,984,920
Louisiana	\$ 45,759,000	\$ -	\$ 45,759,000
Maine	\$ 13,657,000	\$ -	\$ 13,657,000
Maryland	\$ 58,445,000	\$ 6,515,000	\$ 51,930,000
Massachusetts	\$ 67,413,000	\$ 12,170,270	\$ 55,242,730
Michigan	\$ 103,780,000	\$ -	\$ 103,780,000
Minnesota	\$ 54,159,000	\$ 12,005,000	\$ 42,154,000
Mississippi	\$ 30,486,000	\$ -	\$ 30,486,000
Missouri	\$ 61,329,000	\$ 11,440,000	\$ 49,889,000
Montana	\$ 10,037,000	\$ -	\$ 10,037,000
Nebraska	\$ 18,502,000	\$ -	\$ 18,502,000
Nevada	\$ 26,975,000	\$ 8,135,950	\$ 18,839,050
New Hampshire	\$ 13,651,000	\$ -	\$ 13,651,000
New Jersey	\$ 90,078,000	\$ -	\$ 90,078,000
New Mexico	\$ 20,587,000	\$ -	\$ 20,587,000
New York	\$ 202,200,000	\$ 3,569,470	\$ 198,630,530
North Carolina	\$ 95,677,000	\$ -	\$ 95,677,000
North Dakota	\$ 6,655,000	\$ 1,200,000	\$ 5,455,000
Ohio	\$ 119,160,000	\$ 17,995,705	\$ 101,164,295
Oklahoma	\$ 37,787,000	\$ -	\$ 37,787,000
Oregon	\$ 39,320,000	\$ -	\$ 39,320,000
Pennsylvania	\$ 129,144,000	\$ 26,579,560	\$ 102,564,440
Rhode Island	\$ 10,901,000	\$ -	\$ 10,901,000
South Carolina	\$ 46,475,000	\$ -	\$ 46,475,000
South Dakota	\$ 8,343,000	\$ 6,575,000	\$ 1,768,000
Tennessee	\$ 64,476,000	\$ -	\$ 64,476,000
Texas	\$ 252,378,000	\$ -	\$ 252,378,000
Utah	\$ 28,389,000	\$ 5,000,970	\$ 23,388,030
Vermont	\$ 6,445,000	\$ -	\$ 6,445,000
Virginia	\$ 80,600,000	\$ -	\$ 80,600,000
Washington	\$ 67,944,000	\$ 17,905,000	\$ 50,039,000
West Virginia	\$ 18,824,000	\$ -	\$ 18,824,000
Wisconsin	\$ 58,387,000	\$ 20,270,000	\$ 38,117,000
Wyoming	\$ 5,526,000	\$ -	\$ 5,526,000
American Samoa	\$ 673,000	\$ -	\$ 673,000
Guam	\$ 1,826,000	\$ -	\$ 1,826,000
Northern Marianas	\$ 899,000	\$ -	\$ 899,000
Puerto Rico	\$ 41,021,000	\$ -	\$ 41,021,000
US Virgin Islands	\$ 1,140,000	\$ -	\$ 1,140,000
Total	\$ 3,200,000,000	\$ 547,047,615	\$ 2,652,952,385

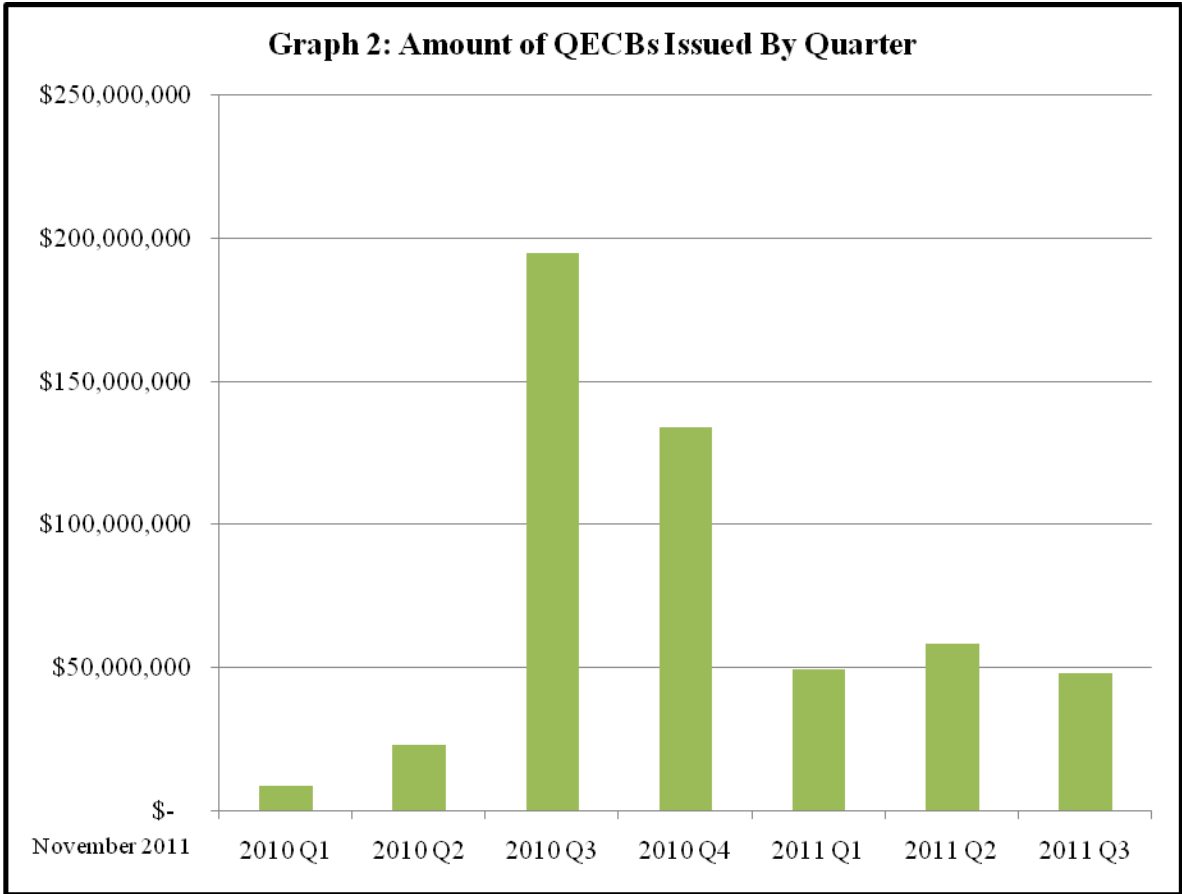
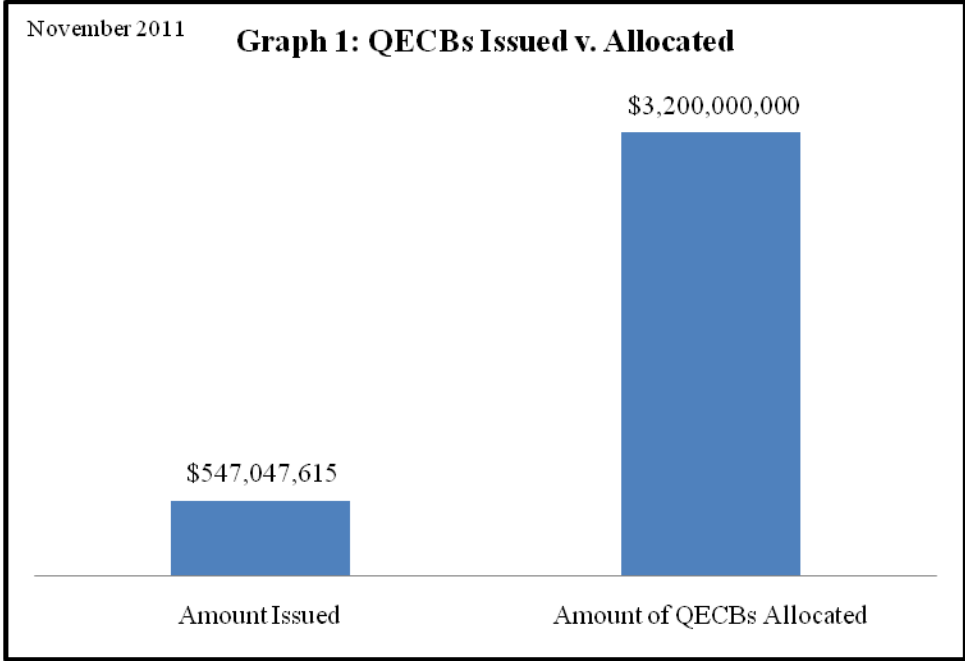
Table 1B: Qualified Energy Conservation Bonds Issued by State (as of 11/29/2011)				
Issued To	State	Issue Date	Amount Issued	Use of Proceeds
Tempe	Arizona	7/1/2011	\$ 7,300,000	Capital improvements
Tucson City	Arizona	6/23/2010	\$ 5,590,000	Capital improvements
Tucson City	Arizona	6/9/2011	\$ 1,430,000	Energy efficiency
Fallbrook Public Utility District Project	California	11/18/2010	\$ 3,400,000	Solar improvements
Irvine Unified School District	California	7/29/2010	\$ 4,840,000	
Lodi Unified School District Project	California	11/18/2010	\$ 9,915,000	Solar improvements in schools
Los Angeles	California	10/25/2011	\$ 11,920,000	City facilities retrofit
Los Angeles Dep't of Water & Power	California	8/17/2010	\$ 131,020,000	Solar & wind
Oxnard Union High School District Project	California	9/29/2010	\$ 19,067,730	Solar improvements in schools
Rancho Water District Financing Authority	California	11/7/2011	\$ 9,870,000	Capital improvements to water and wastewater facilities
Richmond	California	12/1/2010	\$ 1,070,000	Streetlights and municipal capital improvements
Santa Clara County Photovoltaic Project	California	2/10/2011	\$ 20,368,000	Renewable generation
Yuba College Central Plant Efficiency Project	California	6/3/2011	\$ 6,324,000	
Yuba Community College	California	6/21/2011	\$ 15,040,000	Renewable generation
Boulder County	Colorado	2/2/2010	\$ 5,838,050	Capital improvements
Boulder Housing Partners	Colorado	8/25/2010	\$ 1,500,000	Multi-family capital improvements
Boulder PACE	Colorado	11/5/2010	\$ 1,515,000	PACE - commercial
City of Boulder	Colorado	9/27/2010	\$ 1,500,000	Capital improvements
City of Englewood	Colorado	9/15/2010	\$ 1,286,440	Municipal capital improvements
Foothills Park & Rec Dt	Colorado	8/13/2010	\$ 1,000,000	Recreational capital improvements
Fort Collins City	Colorado	6/28/2010	\$ 6,410,000	Smart Grid
Mesa County School District #51	Colorado	10/29/2010	\$ 2,000,000	School improvements
Western State College	Colorado	8/19/2010	\$ 1,635,390	Higher ed capital improvements
East Hartford	Connecticut	4/10/2010	\$ 6,000,000	
Waterbury City	Connecticut	8/11/2010	\$ 3,800,000	Municipal capital improvements
Champaign Cty (Rantoul) Township High School District 193	Illinois	12/20/2010	\$ 120,000	School improvements
Champaign Cty School District 116 (Urbana)	Illinois	12/14/2010	\$ 585,000	School improvements
City of Chicago	Illinois	11/4/2010	\$ 29,665,000	Water
Deerfield	Illinois	9/26/2011	\$ 12,500,000	Energy efficiency; wastewater reclamation facility reconstruction
McHenry CCSD	Illinois	8/31/2011	\$ 1,500,000	School improvements
Ivy Technical Community College	Indiana	10/1/2010	\$ 3,300,000	
Kansas Development Finance Authority	Kansas	12/21/2010	\$ 17,819,000	Kansas State University projects
Lawrence City	Kansas	3/10/2011	\$ 8,721,000	Renewable generation
Wyandotte County/Kansas Unified Govt.	Kansas	11/18/2010	\$ 2,530,000	Municipal energy improvements
Louisville-Jefferson County Metro Govt.	Kentucky	9/14/2010	\$ 7,408,700	Gov energy improvments
University of Kentucky	Kentucky	11/19/2010	\$ 12,955,000	School improvements
University of Louisville	Kentucky	12/20/2010	\$ 20,942,380	School improvements
Public schools	Maryland	7/27/2011	\$ 6,515,000	School improvements
Belchertown	Massachusetts	9/20/2011	\$ 3,140,000	Energy efficiency
Cathartes Private Investments/ Westford Solar	Massachusetts	8/22/2011	\$ 5,800,000	Renewable generation
City of Northampton	Massachusetts	12/22/2010	\$ 1,698,790	Energy Efficiency improvements in public buildings
Scituate Wind/Town of Scituate	Massachusetts	8/10/2011	\$ 1,531,480	Renewable generation

Issued To	State	Issue Date	Amount Issued	Use of Proceeds
ELY ISD #696	Minnesota	5/19/2011	\$ 2,810,000	Energy efficiency in schools
Grant County	Minnesota	2/1/2011	\$ 2,000,000	Capital improvements
Itasca County	Minnesota	2/8/2011	\$ 3,690,000	Energy efficiency
New Hope Economic Development Authority	Minnesota	11/18/2011	\$ 3,505,000	Energy efficiency
Greene County	Missouri	3/3/2011	\$ 1,130,000	Energy efficiency
St. Louis County	Missouri	4/29/2011	\$ 10,310,000	Green community loan program
City of Reno	Nevada	6/1/2010	\$ 2,261,650	HVAC retrofit for Reno City Hall
Las Vegas	Nevada	3/16/2011	\$ 5,874,300	City facilities retrofit
Chautauqua County	New York	1/19/2011	\$ 1,403,470	Financing expansion of Electric Generation Plant
Rochester City	New York	6/16/2010	\$ 2,166,000	HVAC replacement
Morton County (Mandan S.D.)	North Dakota	4/11/2011	\$ 1,200,000	School improvements
City of South Euclid	Ohio	8/31/2011	\$ 386,145	Energy efficiency
Findlay	Ohio	6/30/2011	\$ 518,010	County facilities retrofit
Kent State University (Main Campus)	Ohio	5/31/2011	\$ 7,000,000	Energy efficiency and conservation improvements
Kent State University (Regional Campus)	Ohio	3/30/2011	\$ 2,693,610	Energy efficiency and conservation improvements
Kent State University (Stark Campus)	Ohio	6/11/2010	\$ 672,130	Energy efficiency and conservation improvements
Licking County	Ohio	9/29/2011	\$ 2,121,000	County facilities retrofit
Owens State Community College	Ohio	3/18/2010	\$ 3,125,000	Energy efficiency and conservation improvements
Pickaway County	Ohio	12/15/2010	\$ 1,479,810	County facilities retrofit
Allegheny County	Pennsylvania	11/22/2010	\$ 9,389,560	City facilities retrofit
Commonwealth of PA/Penn St CTFS Partn	Pennsylvania	9/30/2010	\$ 15,700,000	Capital improvements to prison facilities
Fayette County	Pennsylvania	9/28/2011	\$ 1,490,000	County facilities retrofit
Davison County (Mitchell) #17-2	South Dakota	11/10/2010	\$ 1,725,000	1.5 MW wind turbine
Lake County	South Dakota	6/1/2011	\$ 850,000	Renewable generation
Rapid City	South Dakota	11/1/2011	\$ 4,000,000	School improvements
Utah County	Utah	10/22/2010	\$ 5,000,970	Energy efficiency
Bellingham City	Washington	4/13/2011	\$ 6,500,000	Energy efficiency
King County	Washington	11/15/2010	\$ 5,825,000	Energy efficiency and HVAC project
Kitsap County	Washington	12/16/2010	\$ 1,110,000	Sewer financing
Thurston County	Washington	10/26/2010	\$ 2,040,000	City facilities retrofit
Yakima County	Washington	9/8/2010	\$ 2,430,000	Energy efficiency in courthouse
Alma Center-Humbird-Merillan School District	Wisconsin	8/18/2011	\$ 4,600,000	Energy efficiency improvements to schools
Dane Co (Mount Horeb) ASD	Wisconsin	4/18/2011	\$ 2,500,000	Renewable generation
Jefferson School District	Wisconsin	3/18/2011	\$ 2,345,000	Energy efficiency
Menasha School Dist (Winnebago County)	Wisconsin	6/28/2011	\$ 1,690,000	School improvements
Pleasant Prairie Village	Wisconsin	8/16/2010	\$ 1,890,000	City facilities retrofit
School Dist Hartford No. 1 (Dodge and Washington Counties)	Wisconsin	4/11/2011	\$ 2,295,000	Renewable generation
Western Wisconsin Tech College Dt	Wisconsin	7/21/2010	\$ 1,500,000	Energy conservation/public education program
Western Wisconsin Tech College Dt	Wisconsin	1/27/2011	\$ 1,500,000	School improvements
Western Wisconsin Tech College Dt	Wisconsin	7/27/2011	\$ 1,200,000	School improvements
Osseo Fairchild School District	Wisconsin	11/1/2011	\$ 750,000	Energy efficiency improvements to schools
Total Issued as of 11/29/2011			\$ 547,047,615	

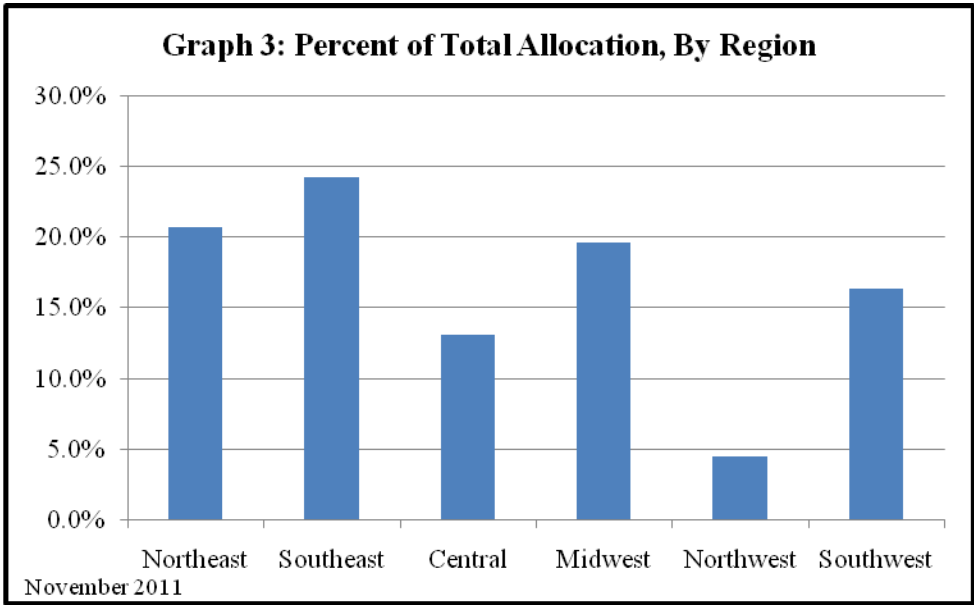
Note: Abbreviation "EE" is energy efficiency; abbreviation "res" is residential; "HVAC" is Heating, Air Conditioning, and Ventilation; "ed" is education; "bldgs" is Buildings.

Table 1C: Proportion of Qualified Energy Conservation Bonds Issued by State 11/29/11

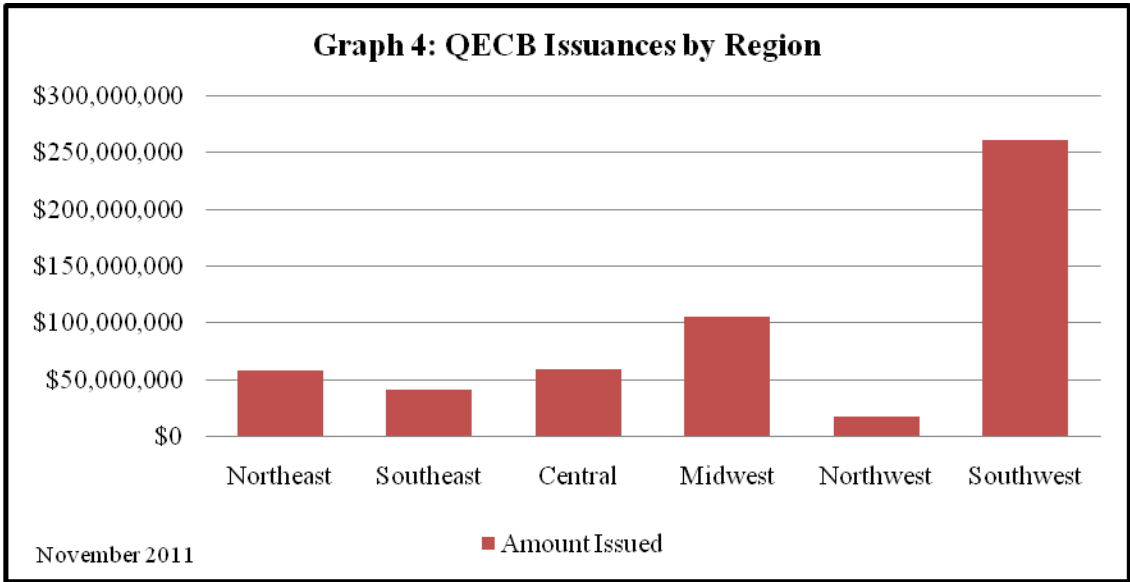
State	Percent Issued
Alabama	0%
Alaska	0%
American Samoa	0%
Arizona	21%
Arkansas	0%
California	61%
Colorado	44%
Connecticut	27%
Delaware	0%
District of Columbia	0%
Florida	0%
Georgia	0%
Guam	0%
Hawaii	0%
Idaho	0%
Illinois	33%
Indiana	5%
Iowa	0%
Kansas	100%
Kentucky	93%
Louisiana	0%
Maine	0%
Maryland	11%
Massachusetts	18%
Michigan	0%
Minnesota	22%
Mississippi	0%
Missouri	19%
Montana	0%
Nebraska	0%
Nevada	30%
New Hampshire	0%
New Jersey	0%
New Mexico	0%
New York	2%
North Carolina	0%
North Dakota	18%
Northern Marianas	0%
Ohio	15%
Oklahoma	0%
Oregon	0%
Pennsylvania	21%
Puerto Rico	0%
Rhode Island	0%
South Carolina	0%
South Dakota	79%
Tennessee	0%
Texas	0%
US Virgin Islands	0%
Utah	18%
Vermont	0%
Virginia	0%
Washington	26%
West Virginia	0%
Wisconsin	35%
Wyoming	0%
Total	17%



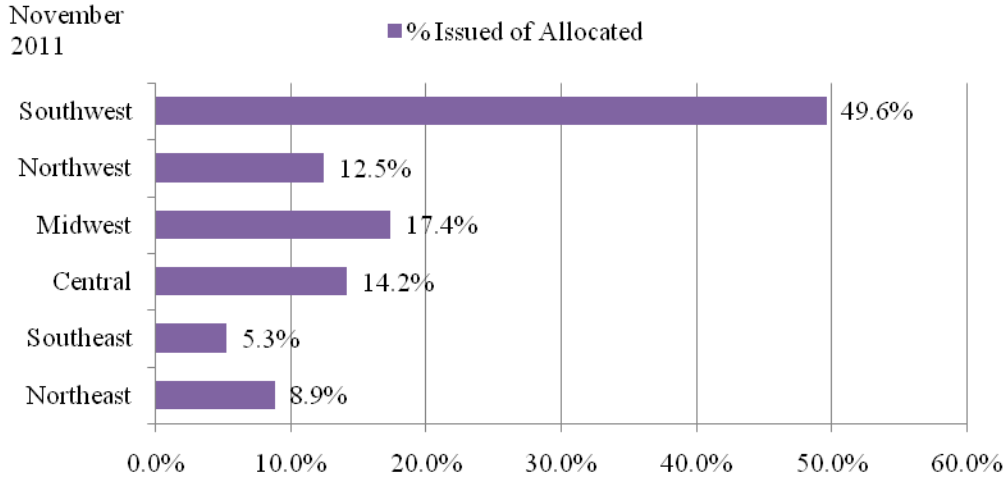
Graph 3: Percent of Total Allocation, By Region



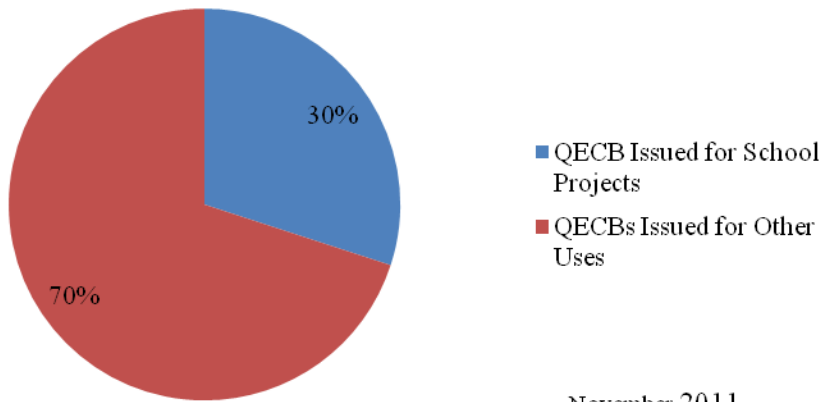
Graph 4: QECB Issuances by Region



Graph 5: Proportion of Allocations Utilized, by Region

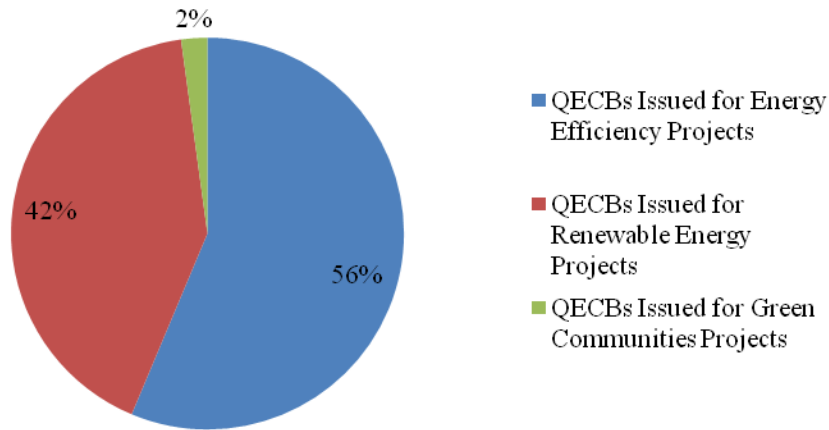


Graph 6: QECB Uses



November 2011

Graph 7: Uses of QECBs Issued



Notes on Tables 1A, 1B, and Charts 1 - 7

1. Although IRS collects information on QECB issuances on Form 8038-TC, no government agency is currently sharing QECB issuance information. As such, it is not possible to ascertain the exact number and quantity of QECB issuances to date. The information attached hereto has been gathered from various sources, including IRS Notice 2009-29, Municipal Securities Rulemaking Board, Department of Energy, Lawrence Berkeley National Laboratory, Wells Fargo, state and local issuer websites, and government contacts.

2. Figures are rounded up.