



Energy Services Coalition (ESC)

Biggest Bang for the Buck Leveraging Funds

An ESC Webinar

Second Quarter 2009: June 5, 2009

Presented by four Finance Industry Experts:

- Karen Keeler
- Joseph McLiney
- Darin Lowder
- Peter Flynn

Financing in this New Economic Climate



Karen Keeler, Senior Vice President with AAIG in Denver, is focused on the financing of energy performance contracting transactions. She has been active in the financial industry for over 15 years and has been responsible for the successful origination of over \$1 billion in lease and bond financings supporting energy efficiency projects. In addition, Ms. Keeler has been involved in the development of performance contracting legislation in several states and is an active member of NAESCO and the Energy Services Coalition.





Financing in this New Economic Climate

Lease Purchase Financing
Current Market Trends
Leveraging Grant and Stimulus Dollars
to Develop Projects in Current Economic Climate

Presented By:

Karen Keeler
Senior Vice President
All American Investment Group, LLC

Lease Purchase Financing

Energy Performance Contracts – Current Trends



- Energy Performance Contracts = Self-Supported Debt
- Fewer Institutions Lending = Highly Competitive Market for Available Capital
- Current Focus - Credit Quality (Client & ESCO)
- Banks Trying To Raise Capital = Shorter Terms & Higher Rates
- Lenders have New Exposure Ceilings
- Heightened Interest from Public Sector as Result of ARRA Stimulus funds
- Appeal of Energy Performance Contracting Increasing in Response to Budget Cuts for Capital Projects

Lease Purchase Financing and Leveraging Capital Resources



- Combining Bond Proceeds and Lease Purchase Arrangements on Capital Projects
- Effective Application of Utility Incentives with Lease Purchase Transactions
- Incorporate Traditional Grant Program Dollars to Buy Down Lease Purchase
- Utilize Tax Credits as Part of the Lease Purchase Structure

Lease Purchase Financing – Leveraging Stimulus Dollars



- State and Local Governments can Leverage ARRA funds into much more than a Dollar-Per-Dollar Benefit
- Stimulus Funds Utilized as Incentives for Project Development -- Seed Money
- Leverage Stimulus Dollars with Traditional Sources of Capital- Take Advantage of the Energy Performance Contract paying its own way using a Lease Purchase Arrangement.

Lease Purchase Financing – Leveraging Capital Resources Case Studies



College in Oregon:

Project	\$17,000,000
Tax Credit:	\$ 2,000,000
State Energy Fund:	\$ 2,000,000
Net Project Cost:	\$13,000,000
Lease Purchase:	\$13,000,000

Customer initially looked at a \$4,000,000 project; however, once shown that Energy Savings can cover 100% debt service of Net Project Cost – this is now a \$17,000,000 project for the ESCO. A Win-Win scenario.

Lease Purchase Financing – Leveraging Stimulus Dollars Case Study



Texas Municipality

Recipient of \$3,500,000 in ARRA funds

Project Size: \$ 7,000,000

Application of ARRA funds: \$ 3,500,000

Net Project Cost \$4,500,000

Customer has numerous “non-energy” saving capital improvements in this \$7,000,000 project. Through buy-down of the project, sufficient energy savings exist to cover 100% debt service of balance. In addition, the project has an annual surplus in annual projected savings that can be redirected to cover other capital improvement needs.