

19th Annual New Mexico Infrastructure Finance Conference

Financing Options for Clean Energy Projects

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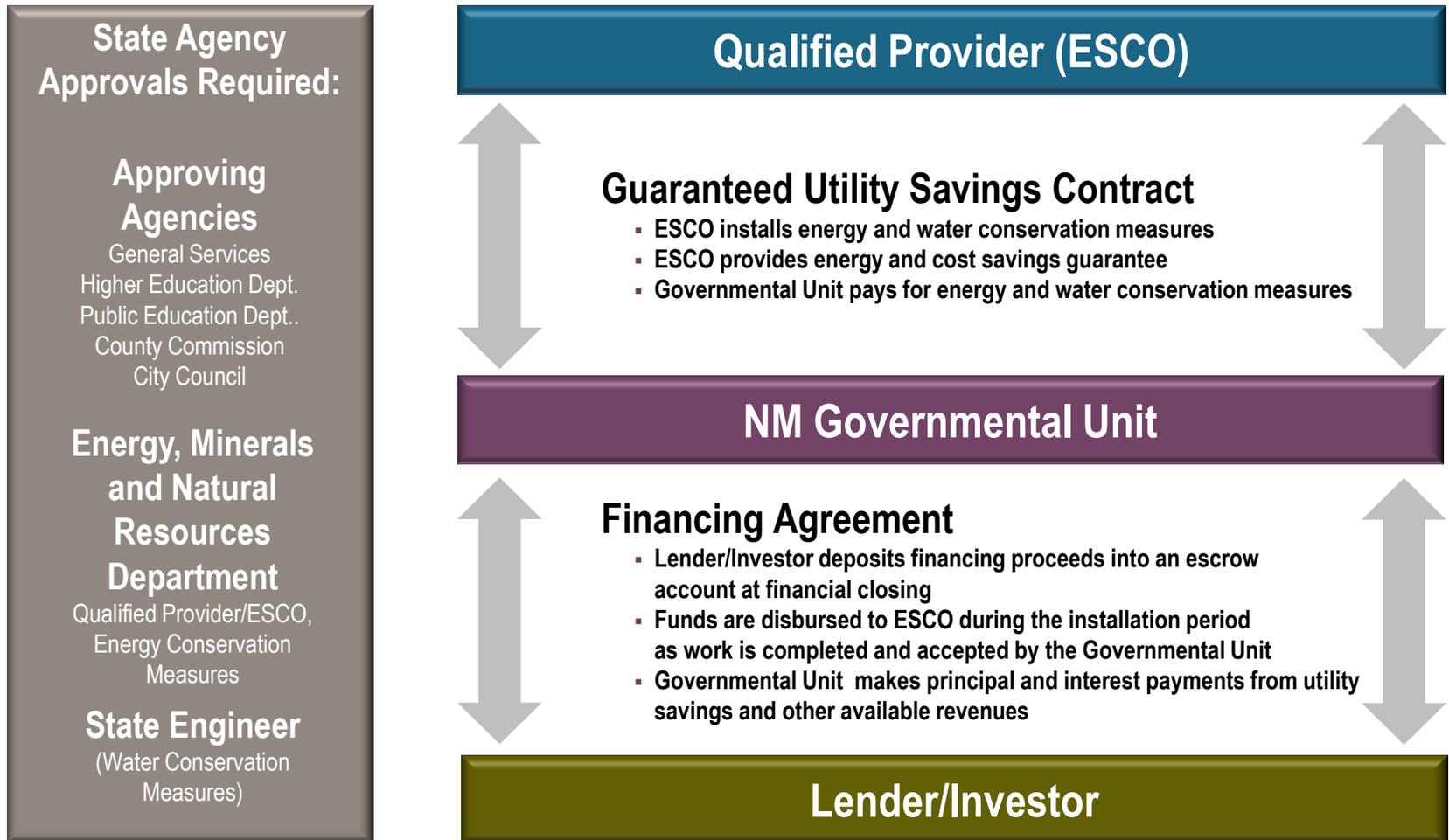
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CURRENT TRENDS IN PUBLIC FINANCE

- Interest rates continue to be at record lows – refunding opportunities
- Substantial financial market volatility – economic turmoil
- Investor demand strong, but compression between high/low credits
- Regulatory changes to municipal securities
 - Dodd-Frank
 - Municipal Advisor
 - Underwriter/Placement Agent
 - Exemptions: legal, engineering, accounting, etc.
- For energy infrastructure projects, increased cross-over between capital funding and operational funding

GUARANTEED UTILITY SAVINGS CONTRACT - STRUCTURE



GKB RENEWABLE ENERGY LEASE-PURCHASE CASE STUDY

City of Casa Grande Guaranteed Energy Savings Project

\$1 MILLION

Casa Grande, Arizona

Series 2014 Lease-
Purchase Agreement

SUMMARY:

- Transaction structured under Arizona's guaranteed energy savings statute
- 280 kW of solar PV installed on the roof and parking lot of public safety building and 73 kW of solar installed in the parking lot of a fire station
- The lease-purchase was sold with an 18 year term, resulting in positive annual cashflow after debt service
- GKB's New Mexico Renewables & Energy Infrastructure office served as the placement agent for the City

GKB REVENUE BOND CASE STUDY

Ruidoso Regional Wastewater Treatment Plant

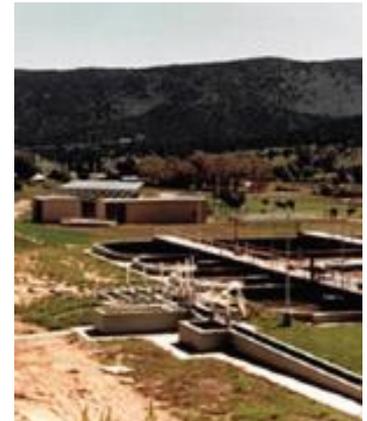
Ruidoso, New Mexico

\$8.445 MILLION

Series 2013 Refunding Revenue Bonds

SUMMARY:

- The bonds were sold based on an “A2” credit rating and the Village achieved a True Interest Cost of capital of 3.49% for the 17-year traditional fixed rate financing.
- The bonds were sold with a favorable 10-year call, affording the Village the opportunity to refinance the bonds for savings if interest rates are favorable and their credit profile continues to improve.
- GKB’s New Mexico Public Finance office served as the financial advisor for the Village of Ruidoso.



GKB REVENUE BOND CASE STUDY

County Education

Gross Receipts Tax Improvement

\$22 MILLION

County of Taos, New Mexico

Series 2013 Revenue Bonds

SUMMARY:

- The bonds were sold based on an “AA” insured rating and the County achieved an All-In-Cost (AIC) of capital of 3.96% for a 10-year traditional fixed rate financing.
- The bond insurance and surety bond purchased by the County eliminated the need for a bond funded Debt Service Reserve Fund reducing the amount of debt issued and the interest cost to the County.
- GKB’s New Mexico Public Finance office served as underwriter and worked closely with all parties involved to ensure that the financing was structured to maximize the amount of monies available for the capital project.

GKB CASE STUDY – POWER PURCHASE AGREEMENT

High Lonesome Mesa Wind Farm

\$75 MILLION

New Mexico Renewable Energy
Transmission Authority

Non-Rated Non-Recourse
Taxable Bonds

SUMMARY:

- GKB served as Placement Agent for a \$75 million taxable bond, financing both transmission upgrades and a portion of the capital costs related to a 100 MW wind farm.
- This project was the first non-rated non-recourse bond issue for a wind project utilizing Clipper wind turbines completed in the U.S. capital markets.



QUALIFIED ENERGY CONSERVATION BONDS

- Qualified Energy Conservation Bonds (“QECCBs”) are taxable bonds (authorized under ARRA in 2009), under which either:
 - The bond investor claims a Federal tax credit, or
 - The bond issuer receives a cash subsidy each year from the US Treasury (more popular)
- Either option has the effect of “buying down” the interest rate
- \$3.2 Billion total US authorization
 - Allocated to states based on population
 - New Mexico allocation is \$20 Million
- Davis-Bacon prevailing wage required for all QECCBs projects

QUALIFIED ENERGY CONSERVATION BONDS (CONT.)

- QECBs proceeds can be used for a variety of projects, including:
 - Measures that reduce energy consumption in publicly owned buildings by at least 20% (i.e. LED lighting)
 - Renewable energy generation systems (i.e. solar PV)
 - Green community programs (i.e. streetlights)
 - Rural development of renewable energy resources
 - Research facilities
 - Mass commuting facilities
 - Demonstration projects
 - Public education campaigns to promote energy efficiency
- The NM Board of Finance has an application procedure for the distribution of QECBs allocation

GKB QUALIFIED ENERGY CONSERVATION BONDS CASE STUDY

Metropolitan Airports Commission Solar & Energy Savings Project

\$23 MILLION

Minneapolis, Minnesota

Series 2014 Taxable
Lease-Purchase
Agreement

SUMMARY:

- Project includes:
 - 3MW of solar PV installed on top of 2 airport parking garages
 - 7,743 LED lighting fixtures inside 4 airport parking garages
 - 4 electric vehicle charging stations
- Estimated 10 Million kWh of combined energy savings/generation
 - Approximately 20% of MSP peak load requirements
- 21 year lease-purchase, resulting in positive annual cashflow after debt service
- Net effective rate (after Federal QECBs subsidy) of 0.75%.
- GKB's New Mexico Renewables & Energy Infrastructure office served as the placement agent for the Commission

GKB QUALIFIED ENERGY CONSERVATION BONDS CASE STUDY



GKB OVERVIEW

- George K. Baum & Company is the only top underwriter that is privately held and client focused. GKB has 23 offices nationwide, including public finance offices in 20 cities, and is made up of 200 professionals across the nation.
- Tax-exempt bonds are the focus of the company's business and generate more than 80% of the Firm's revenues.
- Celebrating our 86th year of providing investment banking services to our clients.
- George K Baum & Company has had a public finance office in New Mexico for three decades. GKB is the #1 underwriter of negotiated bonds in New Mexico since 2008.
- Since 2000, George K. Baum & Company has been involved with more than 6,061 municipal bond issues, totaling more than \$223.4 billion across the country and in New Mexico alone has served as underwriter or financial advisor on 560 New Mexico bond financings, totaling more than \$11 billion in par amount. Our public finance professionals provide a wide range of services to our public finance clients.



GKB OVERVIEW – GUIDING PRINCIPALS

BUSINESS ETHICS & OUR GUIDING PRINCIPLES

The Firm's business and reputation has been built over 86 years of dedication to keeping the interests of our clients first, and conducting our business ethically and within all of the rules and regulations that govern our industry. This commitment is summarized in our Guiding Principles, and it is important to remember that our reputation for integrity, fair dealing, and "doing the right thing" is the cornerstone and primary building block of our success as a Firm and as individuals serving our clients.

Client First Philosophy. At George K. Baum & Company, we pride ourselves in always doing the right thing—putting our clients first. Our firm remains committed to assisting our clients, whether large or small, with a broad array of investment banking services. Client service is our first priority and is defined by our ability to anticipate and exceed our clients' needs and expectations. By placing our clients' interests first, we will ensure our own success.

People. Our long-term success is dependent upon our ability to attract and retain the best people who share our competitive spirit, commitment to excellence and passion to succeed.

Uncompromising Standards. The preeminent reputation and integrity of the firm are paramount in our ability to serve our clients. We will maintain the highest ethical standards, both personally and professionally.

Teamwork. Our clients are served best when we combine our collective talents and individual creativity. This teamwork and our ability to effectively leverage these talents are based upon an environment of mutual trust, respect and open communication. We expect our people to serve the interests of our clients and the firm ahead of their own personal interests.

Balance. We recognize the importance of enabling our team members to balance the rewards and challenges of their personal and professional lives.

GKB OVERVIEW – NEW MEXICO PRESENCE

- GKB has consistently been ranked among the top five investment banks for New Mexico municipal bond issuers. Given the frequency with which we are in the market with New Mexico bond issues – coupled with our strong support in the secondary market – we are uniquely positioned to provide highly accurate analyses of bond market conditions and generate optimum investor demand for New Mexico bonds. We remain highly committed to providing superior investment banking services to New Mexico issuers.
- Our New Mexico effort is led by Senior Vice President and Manager John D. Archuleta who has over 35 years of experience working with municipalities in the State. Our New Mexico banking team also includes Mark Valenzuela, Brad Angst and Analyst, Luis Ramos. Our office staff is further supported by our Firm's senior quantitative analyst, Jim Cleveland, who has over 45 years in municipal transaction experience. Others on our New Mexico finance team include our sales and trading, syndicate, compliance and management groups who provide support.
- Since 2000, GKB has served as underwriter or financial advisor on 560 New Mexico public offered bond financings, totaling more than \$11 billion in par amount. Of course, these bond amounts don't speak to the countless number of other financings we've advised our local governments through with agencies and avenues outside of the bond market. In addition to our experience as a firm, our bankers bring significant experience to New Mexico issuers having spent their lives in and around New Mexico, living and working with local governments and the State of New Mexico.

GKB OVERVIEW – NEW MEXICO EXPERIENCE

Our bankers bring a significant amount of experience with New Mexico issuers. The following is a sampling of New Mexico issuers served.

Albuquerque Municipal SD #12	Grants	New Mexico Highlands University	Santa Rosa Consolidated SD #8
Albuquerque-Arroyo Flood Control Authority	Hobbs Municipal SD #16	New Mexico Hospital	Silver City Schools #1
Albuquerque	Hobbs	New Mexico Institute of Mining & Technology	Socorro County
Angel Fire	Hondo Valley Public SD #20	New Mexico Mortgage Finance Authority	Springer Municipal SD #24
Belen Consolidated SD #2	Jemez Mountain ISD #53	New Mexico State Highway Commission	St. Vincent Hospital
Belen	Jemez Valley Public SD #31	New Mexico State University	State of New Mexico
Bernalillo County	Lake Arthur Schools # 20	Pecos ISD #21	Taos County
Capitan Municipal SD	Las Vegas City SD #2	Portales Schools # 1	Taos Municipal SD #1
Chama Schools #19	Logan Schools #32	Questa ISD #9	Taos
Cimarron Schools	Loving MSD #10	Raton Public SD #11	Tularosa Municipal SD #4
Corrales	Magdalena Municipal SD #12	Rio Arriba County	University of New Mexico- Los Alamos
Des Moines Municipal SD #22	Maxwell Municipal SD #26	Rio Rancho	University of New Mexico- Gallup
Dulce ISD #21	Mesa Vista Consol SD #6	Sandoval County	University of New Mexico- Regents
Elida Muni SD # 2	Mora Schools #11	San Juan County	University of New Mexico- Valencia
Espanola Public SD #45	Moriarty Schools #8	Santa Fe Community College	Valencia County
Espanola	Mosquero Schools #5	Santa Fe County	Vaughn Municipal SD #33
Estancia Municipal SD #7	Mountainair SD # 13	Santa Fe	
Grady Mun SD #61	New Mexico Education Assistance Foundation		
Grants/Cibola Co SD #1	New Mexico Finance Authority		

NEW MEXICO PUBLIC FINANCE TEAM



JOHN D. ARCHULETA is a Senior Vice President and Manager of George K. Baum & Company's New Mexico public finance Office in Albuquerque. Mr. Archuleta joined the Firm in July 1998 and is responsible for financial advisory and underwriting services for educational institutions, municipal and county general obligation bonds, and structured revenue debt issues in New Mexico. Mr. Archuleta has been involved in public finance in New Mexico since 1973. Mr. Archuleta has been involved in Public Finance in New Mexico for more than 33 years. In the last five years, he has structured and managed more than \$2 billion of municipal obligations for a variety of issuers throughout the state of New Mexico. He has specialized in New Mexico financing and has performed underwriting and/or financial advisory services for counties, cities, school districts, state universities, special authorities and the State of New Mexico. Additionally, Mr. Archuleta has extensive experience in legislative matters and was instrumental in the drafting and passage of legislation affecting the issuance of revenue bonds for counties and the Education Technology Equipment Act. He continues to work closely with the legislature. Mr. Archuleta holds a BBA from New Mexico State University. He is a Registered Representative and Principal of the New York Stock Exchange, and a Registered Representative of the National Association of Securities Dealers and the Municipal Securities Rulemaking Board.



MARK VALENZUELA joined George K. Baum & Company in 2010 as a Vice President. Mr. Valenzuela brings more than 12 years of experience in Public Finance to the GKB Albuquerque, NM office. His experience with government entities has helped him gain valuable insight to the comprehensive finance alternatives offered by local, state and federal government bodies. Mr. Valenzuela has excelled at fashioning financing structures that marry an individual government's ability to finance projects with that of other subsidized programs, all in an effort to produce the lowest financing cost for taxpayers. Much of his experience has been at the executive level of state or local government. Mr. Valenzuela served as Chief Financial Officer for the City of Albuquerque, where he advised the Mayor on matters of Finance. In particular, Mr. Valenzuela completed several bond deals for the City that produced considerable value, including a refinancing of airport debt that produced 10.8% net present value savings in August 2009. Mr. Valenzuela holds an MBA from the University of New Mexico.

NEW MEXICO PUBLIC FINANCE TEAM



BRADLEY C. F. ANGST first joined George K. Baum & Company in 2008, and rejoined in 2014 as a Vice President working with the Firm's New Mexico and Texas Public Finance Groups. Mr. Angst recently opened GKB's Austin, Texas, office and is responsible for providing comprehensive investment banking and financial advisory services, which include the transaction execution and quantitative structuring of tax-exempt and taxable debt financings. He has experience working with states, municipalities, special districts, utilities, school districts, colleges and universities, independent schools, and other non-profit entities. Mr. Angst has been involved with more than 175 debt issuances totaling more than \$12 billion in par amount using structures which include general obligation bonds, revenue bonds, lease-backed obligations and short-term notes amongst others.



LUIS RAMOS is an Analyst in George K. Baum & Company's New Mexico Public Finance Group. Mr. Ramos is involved in the transaction, execution and quantitative structuring of both tax-exempt and taxable debt financings for counties, cities, school districts and other municipal entities. He has structured numerous fixed rate financings and is involved in both general obligation and revenue driven financings. Mr. Ramos has provided analytical support for a number of recent transactions, including financings for Village of Ruidoso (NM), Taos County (NM) and Taos School District (NM). His responsibilities included preparation of debt service schedules and other financial analysis for both new money projects and refinancings. Mr. Ramos also helped draft credit ratings presentations for various municipal entities. Mr. Ramos holds a BA in Bilingual Education from the University of New Mexico.

RENEWABLES & ENERGY INFRASTRUCTURE TEAM

The Renewables & Energy Infrastructure Group, formed in 2004, has been progressively establishing George K. Baum & Company's presence as a significant player in debt financing for renewable energy facilities. Our group has recently executed financings for wind, solar, renewable energy transmission, fuel cell, methane gas technologies, hydropower facilities and energy efficiency projects for our public finance clients.



NEAL SKIVER joined George K. Baum & Company ("GKB") as Senior Vice President for GKB's Renewables & Energy Infrastructure team in April 2014. His focus is to provide cost-effective and practical financial solutions for energy efficiency, combined heat and power, distributed generation and renewable energy projects constructed onsite at state & local governments and not-for-profit institutions. These solutions include the following: (1) project finance structures (such as energy services, utility services and power purchase agreements), (2) taxable and tax-exempt capital lease-purchase transactions, (3) municipal enterprise and nonprofit revenue-backed obligations, (4) tax-oriented operating leases, (5) various forms of tax credit obligations (Qualified Energy Conservation Bonds, Clean Renewable Energy Bonds, etc.) and other similar financial instruments.

Neal is a veteran in the field of government energy performance contract financing and he also has an extensive background in the development of customized financial solutions for renewable energy projects. Neal has been in the public finance market for the past 28 years, dedicated to the specialized energy practice since 1995. Prior to joining GCP, Neal was a Senior Vice President at Green Campus Partners, LLC, which is a specialty energy financing firm and a portfolio company of a private equity fund. Neal was previously employed by Banc of America Public Capital Corp, National City Energy Capital (then a subsidiary of National City Bank), various investment banking and equipment leasing subsidiaries of ABN AMRO Bank and GE Capital. Neal attended Northwestern University and graduated from the University of Denver with a BS in Business Administration (Cum Laude) in Marketing and Finance. Neal and his wife Paula live in Santa Fe, New Mexico.

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