



Advancing Wind Power in Illinois Conference 2011

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Baker McKenzie

**Large Wind
Development, Economics & Finance**

Breakout Session

Friday, July 22, 2011, 1:30 PM

How to Close a Wind Project Financing


Illinois Wind Working Group Annual Conference
Advancing Wind Power in Illinois
July 22, 2011

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Doohan Law

How to Close a Wind Project Financing

About Me

- Consulting Counsel for Baker & McKenzie LLP
- Illinois and Michigan Qualified Attorney
- 20+ Years of Experience; 18 Years in Energy; 10 Years in Wind
- Represent Developers, Lenders and Tax Equity in Development, Financing and Merger/Acquisition Transactions
- Representative Transactions Include:
 - Represented J.P. Morgan in first-ever Tax Equity transaction in 2003
 - Represented Invenergy in the development and leveraged financing of the Grand Ridge Projects
 - Represented EcoEnergy in the divestiture of 1.4 GW of development assets to Element Power
 - Represented Banco de Sabadell in financing of Juhl Wind's Valley View Project



How to Close a Wind Project Financing

Ideal Financing (Developer's Perspective)

- Turbine Supply Loan
- Construction Loan
- Equity Bridge Loan
- Cash Grant Loan
- Term Loan

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How to Close a Wind Project Financing

To Get a Financing Commitment

- Power Purchase Agreement (PPA)
 - Interconnection Rights
- Land Control
- Wind Studies
- Local Permitting
- [Turbine Supply Agreement (TSA)]
 - Warranty

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How to Close a Wind Project Financing

Getting to the Closing

- Title Commitment and Title Curative
- Acceptable Project Documents with Creditworthy Counterparties
 - PPA and TSA
 - Balance of Plant Agreement (BOP)
 - Operations and Maintenance Agreement (O&M)
- Phase I Environmental Assessment
- Avian, Bat and Cultural Assessments
- Reliance Letters from Environmental and Other Consultants
- Permitting
- Independent Engineer Sign-Off

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How to Close a Wind Project Financing

Closings

- Construction Loan Closing
 - Financing Documents, including Consents
 - Security Documents
 - Title Documents, including ALTA Survey
- Equity Bridge Loan Closing
 - Acceptable LLC/Partnership Agreement
 - Acceptable Tax Equity
- Cash Grant Loan Closing
 - Cash Grant Recapture Guaranty
- Term Loan Closing
 - After COD
 - Update Construction Loan deliveries
 - ALTA As Built Survey

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Tax Equity Requirements

- Allocation of Risk
 - Representations and Warranties
 - Prudent Operator Standard
- Equity Cure Rights in Leveraged Transactions



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