

Financing for Energy Projects For Kansas

Equipment Lease Purchase Financing
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Financing Options for Guaranteed Energy Performance Contracts

- Tax-exempt Lease Purchase Agreements
- Revenue Backed Obligations
- General Obligation Bonds

What is a Tax-exempt Lease Purchase Finance Agreement?



**IT'S
A
LOAN!**

Tax-exempt Lease Purchase Agreement

Fundamentals

- An installment purchase, conditional sale or lease with an option to purchase for nominal value
- Non-appropriation Clause or Firm Term
- Title to the equipment is typically retained by the Lessee
- Interest income is Tax-exempt to the lessor who passes the tax benefit to the Tax-exempt entity in the form of a lower interest cost

Advantages of Equipment and Lease Financing

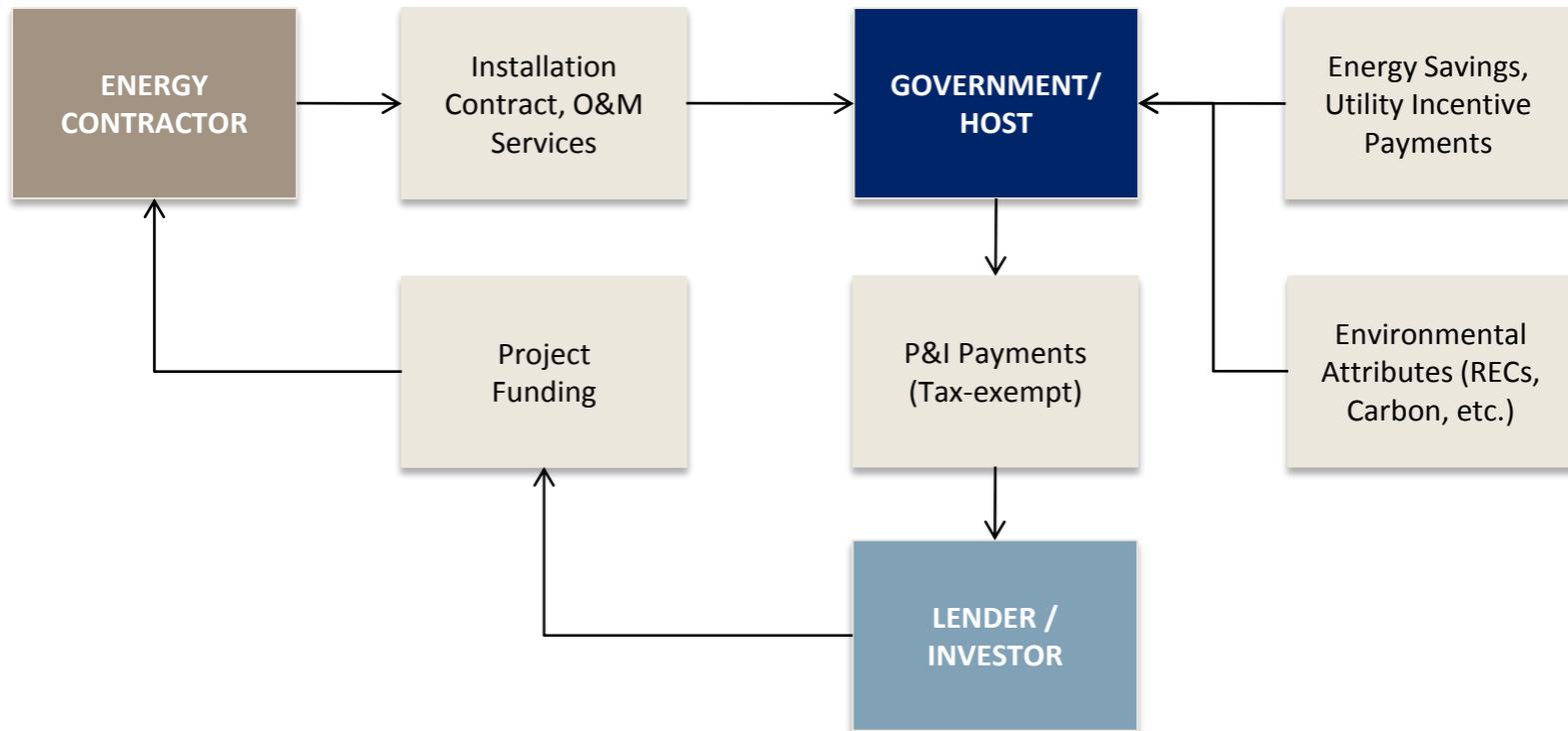


Advantages

- 100% financing of project costs
- Financing tool that allows Tax-exempt entities to acquire essential use equipment
- Ability to match financing terms to the useful life of the assets
- Flexible payment structure
- Voter approval may not be required
- Low transaction expenses
- Rate locks may be available
- Simplified process and flexibility to meet timing requirements

Tax-exempt Financing Structure

Traditional Tax-exempt Funding Mechanism for Energy Related Projects



Various Project Profiles

- Energy Performance Contracts
- Central Utility Plants, District Energy/DG Facilities
- Renewable Energy

Case Study – Community College

Tax-exempt Lease Purchase Financing

Transaction Size:	Project Size - \$3,638,975									
Structure:	Tax-exempt Equipment Lease Purchase Agreement									
Tenor:	19 years									
Equipment Type:	LED lighting, water conservation measures, building automation improvements, building envelope, efficiency motors									
Energy Savings:	\$5,322,726 in Guaranteed Energy & O&M Savings									
	<table> <tr> <td>Total Savings</td> <td>:</td> <td>\$5,322,726</td> </tr> <tr> <td>Total Lease Payments</td> <td>:</td> <td><u>\$4,687,515</u></td> </tr> <tr> <td>Excess Savings to the District:</td> <td></td> <td>\$ 635,211</td> </tr> </table>	Total Savings	:	\$5,322,726	Total Lease Payments	:	<u>\$4,687,515</u>	Excess Savings to the District:		\$ 635,211
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The material contained herein is for informational purposes only

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