Pacific Rim Summit
Industrial Biotechnology and Bioenergy
San Diego

Perspectives on Finance and Construction

December 9, 2013

SternBrothers&Co.

Stern Brothers – Alternative Energy Finance Group

$25,000,000

Myriant Lake Providence Inc.

Revenue Bonds

$15.0 Mil. USDA Guaranteed Bonds

$10.0 Mil. Unguaranteed Bonds

Series 2012

Sole Placement Agent

$23,330,000

California Municipal Finance Authority

Revenue Bonds

(UTS Renewable Energy Wastewater Facilities Financing Program)

Series 2011

Senior Placement Agent

$23,815,000

City of Lawrence, Kansas

Recovery Zone Facility Bonds, Qualified Energy Conservation Bonds, Industrial Revenue Bonds

The Bowersock Mills & Power Company

Series 2010 and Series 2011

Sole Placement Agent

$65,000,000

Pennsylvania Economic Development Financing Authority

Senior Exempt Facilities Revenue Bonds

Bionol Clearfield LLC Ethanol Project

Series 2008

Sole Placement Agent

$30,000,000

Illinois Finance Authority

Subordinate Solid Waste Disposal Facility Revenue Bonds

Illinois River Energy LLC Ethanol Project

Series 2007

Sole Placement Agent

$29,600,000

Biofuels Company of America

Biodiesel Manufacturing Facility

Senior Secured Credit Facilities

$15,000,000

Illinois Finance Authority

Agribusiness Loan Guarantee

Sole Arranger 2006

$7,500,000

Illinois Finance Authority

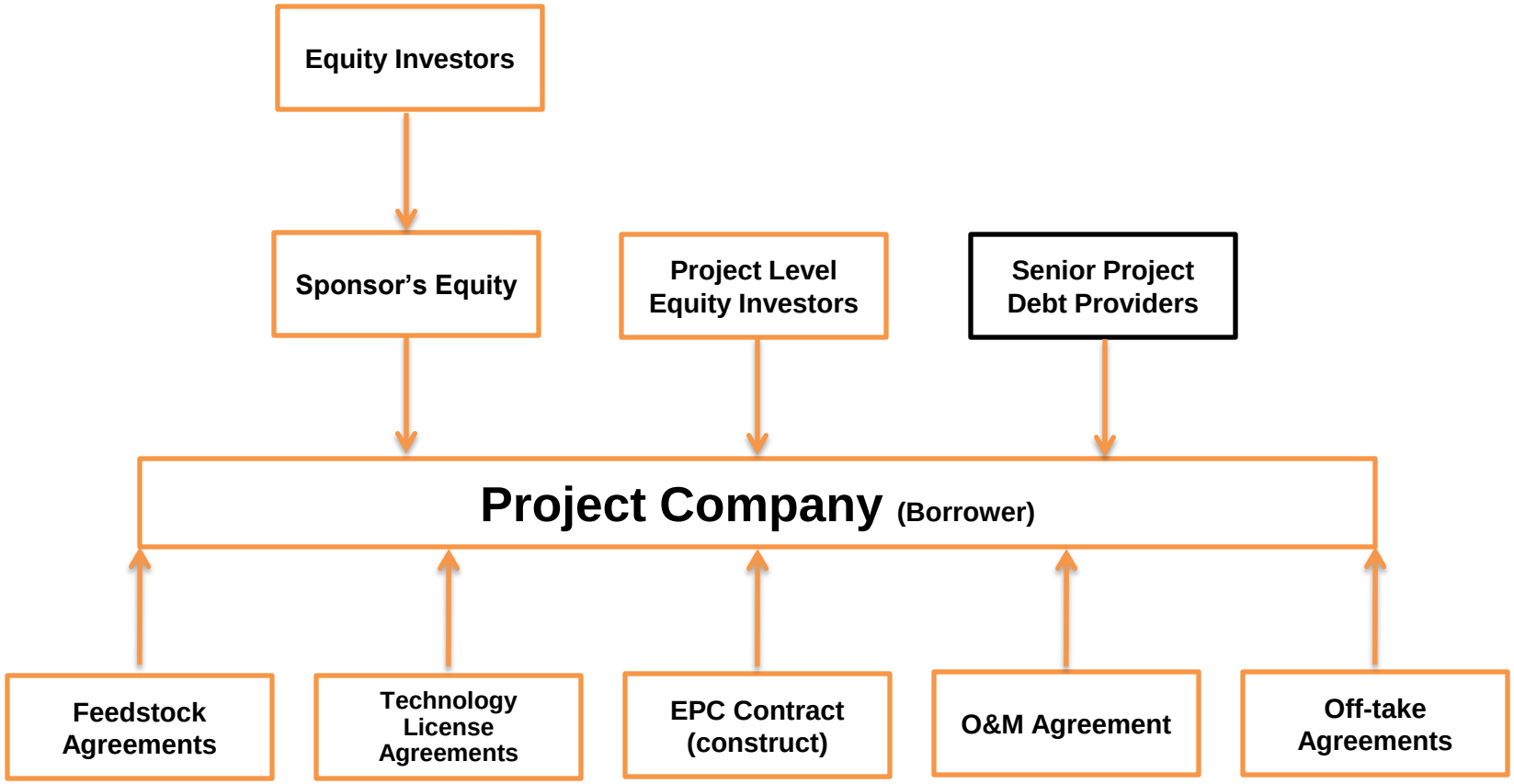
Variable Rate Demand Revenue Bonds

Sexton Energy LLC

Series 2003

Sole Placement Agent

Typical Project Finance Structure



Sponsor Objectives and Risk Mitigation

Ultimate objective of Sponsors is to maximize non-recourse debt while providing adequate equity to protect project debt investors

- Trade-off between time, cost and optimization of other Sponsor objectives
- Decisions reflected in economic terms of deal (interest rate, term, reserves, leverage, covenants, etc.)

Role of Government

- Tax policies, guaranty, loans/grants, etc.

Feedstock Supply

- Term, price and volume, hedging strategy (caps / collars)
- No diversion
- Adequate on-site storage

Off-take Agreement

- Volume commitment
- Price – Pricing formula vs. Merchant strategy vs. Tolling agreement
- Adequate storage and transportation infrastructure

Technology Risks

- Commercialized technology reduces investor risk
- Independent engineer's report validating process

Sponsor Objectives and Risk Mitigation

Construction Risks

- Fixed price, date certain, turnkey EPC contract with liquidated damages
- Completion guarantee by Sponsors
- Payment and performance bond or stand-by letter of credit

Operations Risks

- O&M contract with efficiency bonus provisions
- Adequate Operating and Maintenance Reserve Accounts

Economic Performance

- Generates good debt service coverage under stress scenarios
- Stable project returns, with potential for additional upside
- Adequate Debt Service Reserve Account

Sponsors & Management

- Ability of Sponsors to provide completion guarantees
- Adequate working capital
- Continuity of senior management

Risk Management Policies

- Must assess competitive positioning
- Must assess market risk, commodity hedging strategies, currency risk

Technology Risk Mitigation

Credit Enhancement via Government Guaranty

- USDA 9003 for Advanced Bio-Refineries
- DOE program

Insurance

- Insurance/warranties on parts, availability and general failure relating to technology
- Extended warranties for repeated failures and product defects
- Insuring the performance curve
- Availability

Guaranty from a Credit-worthy Counterparty (some recourse)

- Parent
- Technology provider

Project Structure Mitigates Project Risks

Sponsors
Experienced & financially strong investors with demonstrated track record of investing & operating similar projects.
Ability to provide financial support to Project.

Construction Risks
Fixed price, date certain, turnkey EPC contract with liquidated damages.
Completion guarantee by Sponsors.

Market Risk Assessment
Competitive positioning.
Supply / demand forecasts.
Competing suppliers.
Government policies – tax and income.

Feedstock Supply
Adequacy of available feedstock.
Long-term quantity supply agreement..
Long-term fixed price supply agreement (or at least a price ceiling). Adequate on-site storage.

SOUND PROJECT ECONOMICS

Leads to Adequate Debt Service Coverage

And

Acceptable Equity Returns

Management
Strong managerial, financial, operational, & technical capabilities with demonstrated track record of implementing similar projects.
Continuity of senior management.

Technology Risk / Feasibility
Perpetual technology licenses and performance warranties.
Technology / project feasibility reviewed by Independent engineer.

Operations Risks
O&M contract with efficiency bonus provisions.
Adequate Maintenance Reserve Account.

Offtake
Long-term quantity offtake agreement.
Long-term fixed price offtake agreement (or at least a price floor).
Adequate storage & transportation infrastructure.

Project Capitalization

Sources of Funds

- **Equity Investors** – Sponsor(s) provide initial cash investment → Receive net profits generated by the project
  - Equity = 20 to 50% of project costs, depending on debt service coverage
- **Senior Project Debt Providers** – Commercial Banks(??) / Institutional Investors (QIBs)→ Expect timely payment of interest and principal
- **Other Sources** – Government Grants and/or Loans

Uses of Funds

- **Construction Fund** – Used to pay construction costs
- **Capitalized Interest** – Used to pay interest during construction
- **Debt Service Reserve Fund** – Used to pay debt service if project revenues are insufficient to pay interest and principal
- **Other Reserves** – Maintenance, operating
- **Project 'Soft' Costs** – Used to pay for land, engineering, environmental studies, feedstock study, independent engineer's report, other development costs
- **Legal and Financial Costs**

Working Capital

- Working capital line to fund operations – In place or funded by sponsor at financial close

Questions

Lester H. Krone
Managing Director
Co-Head, Alternative Energy Finance Group
Stern Brothers & Co.

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Private Placement Memorandum

PPM Outline

- Introduction to the Project and the Bond Financing
- Description of the Project
- Sources and Uses of Funds
- Description of the Bonds
- Security and Sources of Payment for the Bonds
- Risk Factors
- Litigation
- Placement of the Bonds
- Annual Information Disclosure (Operating and Financial)
- Miscellaneous
- Appendices ** Dataroom
  - Appendix A – Description of the Project
  - Appendix B – Project Operating Model **
  - Appendix C – Independent Engineer's Report **
  - Appendix D – Feedstock Study **
  - Appendix E – CNG/LNG Market Study **
  - Appendix F – Document Summaries (Bonds, Feedstock, Off-take, EPC, O&M, etc.)**
  - Appendix H – Book-Entry Only / Form of Legal Opinions
  - Appendix I – Form of Investment Letter

Independent Engineer's Report

IE Report Outline

- Summary and Background of the Project
- Detailed Project Description
- Licensing and Permitting Review
- Analysis of Project Costs and Schedule
- Review of Major Project Agreements (Feedstock, off-take, EPC, etc.)
- Technical Review of the Project
- Environmental Assessment – Reports and Permits
- Review of the Project Financing Operating Model (ties management cash flow projections to cap ex, revenue assumptions [from feedstock and market studies] and cost assumptions)
- Conclusions

Project Finance Waterfall

Cash Flow Waterfall – Administered by the Trustee

- Cash flows into Revenue Account (cash transfer from Construction Account at COD + all project cash flow)
- 1) Cash transferred to the Operating Account (pays operating expenses)
- 2) Cash transferred to Trustee, Servicing Agent, Collateral Agent, Accounts Bank to pay servicing fees
- 3) Cash transferred to pay Debt Service (Interest and Principal) on Senior Debt
- 4) Cash transferred to fill Working Capital Reserve Account , if needed
- 5) Cash transferred to fill Debt Service Reserve Account, if needed
- 6) Cash transferred to pay Debt Service (Interest and Principal) on Subordinated Debt
- 7) Cash transferred to pay Permitted Tax Distributions
- 8) Cash held in Covenant Compliance Holding Account (If certain coverage ratios are not met) or distributed to project sponsors

Case Study – Project Finance Credit Quality

Topaz Solar Project (2012)

- Project: 586 MW, $2.44 billion project, Leverage = 50% **non-recourse** senior debt
- Sponsor: MidAmerican Energy Holdings (BBB+)
  - » Sub of Berkshire Hathaway (AA-)
- Equity: Minimum equity contribution $1.2 billion (50%)
  - » Contingent equity, as needed, to fund construction up to total of $2.44 billion
- EPC: First Solar, fixed price, date certain, milestone payments, LDs, incentives, etc.
  - » Construction contingency = 44% of non-fixed costs
- Technology: Cadmium telluride thin film, "…proven technology, 15 years of history…"*
- PPA: PG&E (BBB), 25-year, fixed price, "...PPA contains well above market pricing…"*
- Op. Reserve: Six months of operating expenses
- DSCR: 1.3x to 1.6x under various stress scenarios
- **Rating: S&P (BBB-), Moody's (Baa3), Fitch (BBB-)**

* S&P Report (9/17/2012)

ALTERNATIVE ENERGY FINANCE GROUP
Overview

December 2013

SternBrothers&Co.

Alternative Energy Finance Group – An Overview

- The Stern Brothers & Co. Alternative Energy Finance Group focuses on the structuring and placement of debt for projects across all sectors of the industry. The Firm specializes in the use of tax-exempt and taxable bonds to optimize the debt structure and equity returns of developers seeking non-recourse project financings.
- Stern Brothers & Co. pioneered the use of tax-exempt bonds as an alternative to bank debt in the biofuels and landfill gas areas. The Firm has expanded its practice to include projects in biomass, wind, solar, and waste-to-energy using taxable bonds as a source of leverage for developers in these markets. The Firm is also acting as a Financial Advisor to companies seeking project equity and joint venture partners.
- The Stern Brothers & Co. practice is experiencing rapid growth as developers continue to have access to a limited number of lenders, and face financing terms that are not aligned with the needs of large scale project financings of long lived assets. Effective market-making activities designed to bring new lenders of more patient capital will continue to be seen as a value-added service.
- The structuring and execution experience developed over the past several years will continue to place Stern Brothers at the forefront of renewable energy finance. The ethanol and biodiesel industries will be succeeded by cellulosic and alternative feedstock technologies, and the Firm's practice will be well-positioned to continue to find debt capital for these projects in the future. Stern's success in structuring and placing debt for biofuels will enable it to secure debt from these classes of lenders and investors for projects in other areas in the cleantech space.
- Stern Brothers has developed a national reputation as a thought leader on alternative energy finance. Our bankers have formed substantive relationships with many of the most important stakeholders in the industry. These relationships include those with EPC contractors, technology providers, state and federal government officials, national lobbying and industry trade groups, major Midwestern and New York commercial banks, bond funds and other institutional lenders, individual and institutional equity sources, and law firms and consultants serving the industry. Our bankers are also routinely tapped by conference organizers and media outlets covering the renewable arena as speakers on issues of importance to the industry.

Alternative Energy Finance Group – The Specifics

- Focused on structuring and placing tax-exempt and taxable debt and providing financial advisory services for renewable energy projects in the U.S.
  - Second generation biofuels, biomass, solar, wind, waste-to-energy, landfill gas-to-energy, cogen, CHP, hydro, geothermal

- Renewable energy developers have limited access to traditional sources of bank debt.
  - Bonds can be sole source of debt or a complement to bank debt
  - Bonds offer structural advantages (longer tenor, lower interest rate, flexible amortization) that improve equity returns

- Structuring and execution experience placing debt for biofuels and biomass projects.
  - Highlights include: Myriant Corporation, UTS BioEnergy, The Bowersock Mills & Power Company, Bioenergy International, GTL Resources, Bunge of North America, Sexton Power
  - Pipeline currently includes advanced biofuels, biomass, waste-to-energy, and LFG

- Representative client relationships with projects in 2013 pipeline include - Chemtex International, Enerkem, Fiberight, Fulcrum Bioenergy, TerViva, Zilkha, Gulf Coast Spinning, RTS, Sterling Energy Group and Roeslein Alternative Energy.

Stern's National Business Scope

Locations

Atlanta
Chicago
Cleveland
Dallas
Denver
Detroit
Houston
Kansas City
Los Angeles
Reno
San Francisco
St. Louis (HQ)
Seattle
Tampa

SternBrothers&Co.

Current Projects

Cellulosic Ethanol Production Plant (USDA 9003)

Project:	10.0 mil gal/yr cellulosic ethanol from municipal solid waste project in the West
Total Capital:	$264 mil (Construction fund + COI)
Senior Debt:	$105 mil ($94.5 mil gtd by USDA 9003 loan gty)
Technology:	Gasification & catalytic alcohol synthesis-commercial gasification system, commercial scale alcohol synthesis reactor reviewed and data validated by RW Beck
Feedstock:	Long-term contracted MSW from large waste companies
Off-take:	Long-term contract with TBD
Construction:	Wrapped EPC with top 100 US contractor
DSRF:	$10.8 mil

Asphalt Shingle Recycling Plant

Project:	200 ton/day asphalt shingle recycling facility in Midwest
Total Capital:	$25 mil (Construction fund + COI)
Senior Debt:	$15 mil tax-exempt solid waste revenue bonds
Technology:	Solvent based oil extraction technology widely used in other applications
Feedstock:	Waste roofing shingles from waste haulers, contractors, and shingle manufacturers
Off-take:	Short and medium term contracts for volume with ability to hedge against highly correlated WTI
Construction:	Separate equipment and construction contracts, GMP with LDs for schedule and performance
DSRF:	$1.5 mil

Enhanced Wood Pellet Plant

Project:	275,000 ton wood pellet project in southeast US
Total Capital:	$41.5 mil (Construction fund + COI)
Senior Debt:	$25 mil tax-exempt solid waste revenue bonds
Technology:	Thermal treatment of wood fiber to enhance energy density and other characteristics for export markets
Feedstock:	Wood fiber including thinning and residuals from a strong wood basket, with potential aggregation of fiber by large timber REIT.
Off-take:	Long-term contract with UK utility converting coal plant under a contract-for-difference regime
Construction:	Retrofit of existing wood pellet plant. Owner self-perform with traditional market style LDs from credit worthy counterparty
DSRF:	$2.5 mil

Anaerobic Digestion Project

Project:	Anaerobic digestion project located in the Midwest produces pipeline quality CNG as well as environmental credits
Total Capital:	$115 mil (Construction fund + COI)
Senior Debt:	$80 mil (combination of taxable and tax-exempt debt)
Technology:	AD technology provided by international infrastructure provider that will also provide O&M for the project
Feedstock:	Long-term contract with Fortune 500 packaged food producer
Off-take:	Long-term contracts with large truck, rail and marine fleets
Construction:	By technology provider with performance wrap
DSRF:	One-year principal and interest

Current Projects

Cellulosic Ethanol Production Plant (USDA 9003)

Project:	Cellulosic ethanol from municipal solid waste project in the Midwest
Total Capital:	$55 mil (Construction fund + COI)
Senior Debt:	$25 mil ($20 mil gtd by USDA 9003 loan gty)
Technology:	Demo plant producing cellulosic ethanol from MSW
Feedstock:	Long-term contracted MSW from local municipalities
Off-take:	Long-term contract with TBD
Construction:	Wrapped EPC with top 100 US contractor
DSRF:	$2.5 mil

Power Plant Repowering Project

Project:	Repower 50MW Midwest coal-fired power plant with natural gas
Total Capital:	$35 - $40 mil
Senior Debt:	$25 - $30 mil tax-exempt debt
Technology:	Conventional gas-fired turbines
Feedstock:	Natural gas from 24” natural gas pipeline adjacent to the site
Off-take:	Long-term contract with investment grade rated Midwest municipal power authority with fuel price pass-through
DSRF:	One-year principal and interest

Cellulosic Ethanol Production Plant (USDA 9003)

Project:	Cellulosic ethanol from biomass/purpose-grown energy crops in the Southeast
Total Capital:	$195 mil (Construction fund + COI)
Senior Debt:	$99 mil ($79.2 mil gtd by USDA 9003 loan gty)
Technology:	Enzymatic process breaks down biomass to produce low cost sugar which is processed to ethanol, commercial plant has started operations in Europe
Feedstock:	Long-term contracts with energy crop growers
Off-take:	Long-term contract with large oil company
Construction:	Wrapped EPC with top 100 US contractor
DSRF:	One-year principal and interest

Yarn Spinning Plant

Project:	1.4 mil lb/week cotton and synthetic yarn spinning facility in Southeast
Total Capital:	$145 mil (Construction fund + COI)
Senior Debt:	$100 taxable note
Technology:	State of the art ring spun and open end yarn spinning equipment from Europe. Project designed at scale and with energy efficiencies and power supply agreement to be a low cost provider globally
Feedstock:	Strong cotton catchment area for a global commodity
Off-take:	Anchor agreement with large, 140 year old private company for approximately 30% of open end capacity on a tolling basis (5 years with 3 year evergreens); additional off-takes anticipated with a portion of production on a merchant basis.
Construction:	GMP EPC with bonded contractor and market LDs for Schedule and performance
DSRF:	10% of par

Potential Assignments

Biomass Gasification to Biofuels Project

Project:	Produce renewable biofuels from biomass
Total Capital:	$200 mil (Construction fund + COI)
Senior Debt:	Up to $125 mil (combination of taxable and tax-exempt debt)
Technology:	Gasification (with insurance company technology wrap)
Feedstock:	Woody biomass (with feedstock supply chain insurance)
Off-take:	Long-term with investment grade rated oil company
DSRF:	One-year principal and interest

Landfill Gas Portfolio

Project:	Portfolio of Landfill gas projects
Project Capital	$15mil (per project)
Senior Debt:	$8-$10 Million tax-exempt bonds per project
Technology:	Standard landfill gas capture and cleaning
Feedstock:	Methane from landfills
Off-take:	Parent company purchases all off-take at index price of commodity
Construction:	Owner self-perform with typical security package.
DSRF:	TBD

Wood Pellet Plant

Project:	375,000 mT/year wood pellet project in Southeast US
Total Capital:	$56 mil
Senior Debt:	$32 mil
Technology:	TBD
Feedstock:	Source dry planer shavings/sawdust from tie and mat mills
Off-take:	In negotiation for long term off-take agreement with European power company
Construction:	TBD
DSRF:	TBD

Cellulosic BioFuels Project

Project:	Proven Technology Bringing Second-Generation Cellulosic BioFuels to Market
Total Capital:	$80 mil
Senior Debt:	$TBD mil (with approx. 80% gtd by USDA 9003 loan gty)
Technology:	Proprietary technology to convert wood residues or other cellulosic material into a renewable liquid fuel
Feedstock:	Contracts for commercial thinnings with partner
Off-take:	TBD
Construction:	Wrapped EPC with top 100 US contractor
DSRF:	TBD

Potential Assignments

Gas-to-liquids Technology

Project:	Commercialization of specialized gas-to-liquids technology
Total Capital:	TBD
Senior Debt:	TBD
Technology:	Proprietary and proven technology to produce gas from stranded natural gas and associated natural gas at the wellhead
Feedstock:	Partner with oil companies who are currently flaring ANG
Off-take:	TBD
Construction:	TBD
DSRF:	TBD

Wood Pellet Plant

Project:	200,000 tonnes per year pellet project in Southeastern US
Total Capital:	$90 mil (Construction fund + COI)
Senior Debt:	$63mil (Combination of taxable and tax-exempt bonds)
Technology:	Proprietary Joint Venture technology
Feedstock:	Deliver or Pay contract with well known suppliers
Off-take:	Major European Utilities with 10-year take or pay contract
Construction:	Owner self perform with typical security package
DSRF:	TBD

Woody Biomass to Power

Project:	28MW biomass to power generating station
Total Capital:	$100 mil
Senior Debt:	$50 mil
Technology:	Project will utilize a bubbling fluidized bed boiler and a steam turbine generator
Feedstock:	Partner with sole provider of wood feedstock
Off-take:	20-Year Power Purchase Agreement with top 10 investor-owned utility
Construction:	Built under a GMP EPC with top 100 US contractor
DSRF:	TBD

Woody Biomass to Power Project

Project:	42MW biomass to power generating station partnered with one of the world's largest multinational consumer goods companies
Total Capital:	$190 mil
Senior Debt:	$TBD
Technology:	Alternative boiler technologies: circulating fluidized bed boiler and turbine generator
Feedstock:	Wood Feedstock from forest harvest operations and manufacturing residue contracts to be completed.
Off-take:	20 year contract for sale/purchase of both capacity and energy with state power company (A/A3) with both a fully indexed energy payment and fixed escalated capacity payment
Construction:	Built under a GMP EPC with qualified contractor
DSRF:	TBD

Potential Assignments

MSW Recycling Plant

Project:	200 ton/day MSW recycling facility in Mid-Atlantic
Total Capital:	$13 mil (Construction fund + COI)
Senior Debt:	$TBD tax-exempt solid waste revenue bonds, with up to 40% credit enhanced by AA rated county moral obligation
Technology:	Separation of waste plastics by proprietary "fractionation tower" with commercial scale demonstration unit in operation.
Feedstock:	MSW provided by the County
Off-take:	Multiple products (RDF, construction aggregate, recycled commodities) under long-term contract
Construction:	EPCM from a top North American EPC firm. Bonded GC for vertical construction; equipment providers with varying levels of performance guarantees on individual systems
DSRF:	TBD

n-butanol Bolt-on to Ethanol Plant

Project:	54 Million Gallons/year of n-butanol from ethanol
Total Capital:	$180 M
Senior Debt:	$TBD
Technology:	Proprietary catalytic technology that converts ethanol into n-butanol
Feedstock:	Ethanol from project owned plant or sourced from market
Off-take:	TBD
Construction:	TBD
DSRF:	TBD

John May, Managing Director

John May
Managing Director
Co-Head of Alternative Energy Finance Group

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John M. May, Managing Director, is Head of the firm's Renewable Energy Practice, which he founded in 2003. He is a seasoned project finance investment banker who has financed over $1 billion in loan and par values for over 100 clients in his 20-year banking career.

In the past five years, he has become one of the top renewable energy bankers in the country, having developed a national practice in renewable energy finance focusing on biofuels, biomass and bio-products. He is credited with having pioneered the use of bonds as a form of project finance debt in the renewables market. He is financial advisor to numerous renewable companies and has placed senior and subordinated debt financing for new projects, expansions and acquisitions. He has also been placement agent to companies raising debt through the issuance of tax-exempt and taxable bonds. In 2003, he underwrote the country's first tax-exempt bond issue to fund a landfill gas-to-electricity project. In 2005, he was responsible for developing one of the first tax-exempt bond structures sold to major U.S. institutional investors to fund ethanol projects. He was the first banker to use a State guarantee of debt for a biofuel financing. In 2006, he secured a $15 million full faith and credit guarantee from the State of Illinois for a biodiesel project. Also in 2006, he introduced the use of bonds as a complement to syndicated bank debt in large biofuels financings. In 2008, he was placement agent for bonds used to finance the first U.S. ethanol plant with an off-take agreement from a major international oil company. In 2010, he created the bond finance structure adopted by the USDA in its Bio-Refinery Loan Guarantee Program; this resulted in the Agency's adoption of a new Interim Final Rule for the program in 2011. He currently represents eight biofuels, biomass and biochemical companies applying for various USDA loan guarantees. He has been involved in financing renewable projects in ten states. He has developed Stern's national practice into one of the most recognized brands in the financing of biofuels in the U.S.

He is a frequent speaker at national conferences and webinars in the industry for such sponsors as: ACORE, Infocast, Advanced Biofuels Association, Platts, Projects and Money, CDFA, The National Governor's Association and the American Bar Association. He has provided counsel on financing options and the credit markets to such government and association industry stakeholders as the USDA, the Staff of the U.S. House Agriculture Committee, the U.S. Department of Energy/NREL, and the United States Congress Joint Committee on Taxation. He has been featured in recent articles on biofuels finance authored or sponsored by *Biofuels Journal*, *Biofuels Digest* and *Biorefining Magazine* and published on *Grainnet.com*. In 2011, he was elected to the Advisory Board of the Rockefeller Brothers Fund's Climate Prosperity Partnership. In 2012, John was voted as one of the "Top 100 People in Bioenergy 2012" by the readers of *Biofuels Digest*. Mr. May also is a member of the Board of Directors of the Donald Danforth Plant Science Center's BRDG Park.

Prior to beginning his investment banking career, John practiced law at two national firms in Kansas City and Dallas. He received his J.D. and M.B.A. (with Concentration in Finance) degrees from the University of Kansas, and his B.A. With Honors Cum Laude from Brown University.

Lester H. Krone, Managing Director

Lester H. Krone
Managing Director
Co-Head of Alternative Energy Finance Group

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Lester H. Krone, who joined Stern Brothers & Co. in 2009, is a Managing Director in the Firm's Alternative Energy Finance group. Prior to joining Stern Brothers he was a Managing Director in the Energy & Power Investment Banking group at Wachovia Securities. He began his investment banking career at A.G. Edwards & Sons, Inc. in 1987 where he was a Managing Director and Head of the Utility Group from 1992 to 2007. He successfully initiated and directed all aspects of A.G. Edwards investment banking practice in the investor-owned utility industry, bringing innovative solutions to over 70 electric, gas, water and alternative energy companies. Les advised senior management teams and Boards of Directors on strategic issues including capital structure, mergers and acquisitions, and capital formation.

From 1997 – 2007 the A.G. Edwards Utility Group helped raise over $30 billion of debt and equity capital for the U.S. investor-owned utility industry in over 200 transactions.

60 equity offerings ($9.8 Billion), including 18 lead-managed transactions
In the alternative energy industry, A.G. Edwards was a co-manager on the initial public offerings for Verasun Energy, U.S. BioEnergy and BioFuel Energy in 2006 and 2007 that raised over $700 Million
79 retail debt and trust preferred offerings ($13.9 Billion), including 12 lead-managed transactions
39 institutional debt offerings ($4.7 Billion), including 9 lead-managed transactions
18 private placements and MTN programs ($1.5 Billion)
15 completed merger and acquisitions assignments

In addition, Les has spoken at national conferences for the American Gas Association, the National Association of Water Companies, NARUC and the American Public Gas Association.

Prior to beginning his investment banking career, Les was a structural engineer who designed corporate, institutional and high-rise commercial real estate projects for Fortune 1000 companies, major institutions and commercial real estate developers. He received an M.B.A. from Harvard Business School, an M.S. in Civil Engineering from Washington University in St. Louis, and a B.S. in Architectural Engineering, with Honors, from the University of Colorado. He holds Series 7, 79 and Series 63 licenses, and is a registered professional engineer in Missouri.

James Dack, Vice President

James Dack
Vice President

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E-Mail: jdack@sternbrothers.com

James opened the firm's Seattle office in March 2010. He brings a unique perspective to project finance, having participated as an investment banker, a developer and an equity sponsor deploying institutional capital in highly structured investments.

As an investment banker, his transactions have included fixed and variable rate bond transactions for renewable energy, multifamily housing, CCRCs and non-profit facilities using a variety of credit enhancement products. James has helped structure and close new market tax credit financings for mixed-use projects and community facilities. He has also worked on subordinate financings employing program-related investments and other below market rate investments that provide gap funding to worthy but hard-to-finance projects.

James earned his masters of Public Administration from the Evans School of Public Affairs at the University of Washington, where he focused on environmental policy and finance. He also holds a Bachelor of Arts in Economics from Claremont McKenna College.

Gina R. Bernstein, Associate

Gina R. Bernstein
Associate

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E-Mail: gbernstein@sternbrothers.com

Gina joined the St. Louis Alternative Energy group in March 2013. She brings diverse experiences in management consulting and entrepreneurship with her.

Gina spent 10 years as a Senior Manager in the Management Consulting Group of Ernst & Young solving some of the problems of the world's largest companies. She lead projects focused on people, process, and technology at companies in the life sciences, financial, consumer products, and telecommunication industries.

Gina has been involved in the successful launches of a number of entrepreneurial start-ups including a consumer products company, multiple residential and commercial real estate management and holding companies, a technology consulting and tax service organization, and a commercial corn and soybean farming operation.

Gina earned her Masters in Business Administration from the University of Michigan with focuses in Finance and Real Estate. She also holds a Bachelors in Business Administration from Washington University with a concentration in Accounting. She is a licensed CPA.

Selected Transactions

$25,000,000

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$15.0 Mil. USDA Guaranteed Bonds

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Series 2007

Sole Placement Agent

$29,600,000

Biofuels Company of America

Biodiesel Manufacturing Facility

Senior Secured Credit Facilities

$15,000,000

Illinois Finance Authority

Agribusiness Loan Guarantee

Sole Arranger 2006

$7,500,000

Illinois Finance Authority

Variable Rate Demand Revenue Bonds

Sexton Energy LLC

Series 2003

Sole Placement Agent

Myriant Lake Providence Inc. (2012)

Project:	Financed the construction of a 30-million pound per year manufacturing facility for the production of crystallized industrial grade succinic acid from biomass and low cost sugar feedstock	
Feedstock:	Myriant has entered into agreements with suppliers for the purchase of 95 Dextrose and grain sorghum grits	
Off-take:	Myriant has entered into off-take contracts for all of the Project's nameplate capacity	
Construction:	The Project will be constructed under an engineering, procurement and construction contract for over $100 million	
Debt Funding:	USDA Bonds	$25.0 Million
Highlights:	The Project is the first-of-its-kind commercial bio-succinic acid plant. Stern used a USDA B&I loan guaranty to credit enhance the project finance bonds, a first-time application of a B&I guaranty to bonds, and privately placed the bonds with institutional investors. The credit enhancement from the USDA allowed the Project to achieve a sub-10% blended interest rate on the bonds	

UTS BioEnergy, LLC (2011)

Project:	Financed the installation of fuel cells at the City of San Jose and Inland Empire Utility Agency's regional wastewater treatment plants to generate 1.40 MW and 2.80 MW of power respectively	
Off-take:	20 year Power Purchase Agreement with the City of San Jose and the Inland Empire Utility Agency, which will purchase 100% of the capacity and energy generated	
Construction:	Otto H. Rosentreter Co. (City of San Jose) and HDR Design-Build Inc. (Inland Empire Utility Agency)	
Funding:	Solid Waste Disposal Bonds	$23.3 Million
	Equity	$5.0 Million
	Total Funding	$28.3 Million
Highlights:	The long term cost of capital is 6.33%. The Borrower anticipates that the project, as a renewable energy resource, will be eligible to receive a 1603 tax grant of approximately $8.04 million, and a SGIP grant through the California Public Utility Commission of approximately $13.05 million which will substantially de-lever the capital structure after the project is placed in service.	

The Bowersock Mills & Power Company (2011)

Project:	Financed the 4.70 MW expansion of the electrical generating capacity of the existing dam via the construction of a new powerhouse
Off-take:	25-year power purchase agreement with the Kansas City Board of Public Utilities, which will purchase 100% of the capacity and energy generated
Construction:	Kissick Construction of Kansas City is the general contractor for the project

Funding:

Recovery Zone Facility Bonds	$14.1 Million
Qualified Energy Conservation Bonds	$8.7 Million
Industrial Revenue Bonds	$1.0 Million
Equity	$0.4 Million
Total Funding	$24.2 Million

Highlights: The long-term cost of capital, after taking into account the federal interest rate subsidies, is 6.70 percent. In addition, the Company anticipates that the project, as a renewable energy resource, will be eligible to receive a 1603 grant of approximately $4.9 million, which will substantially de-lever the capital structure after the project is placed in service.

Bionol Clearfield LLC (2008)

Project:	100 million gallon per year ethanol production facility in Clearfield, PA (in service 2010)
Off-take:	Five-year ethanol purchase agreement with Getty Petroleum Marketing Co-product marketing agreement with Land O' Lakes Purina Feeds
Technology:	ICM, Inc. technology built under EPC contract by Fagen, Inc.

Funding:

Senior tax-exempt bonds	$65.0 Million
Senior taxable bank debt	$110.0 Million
Second lien bank facility	$30.0 Million
State Grants	$15.9 Million
Equity	$43.1 Million
Total Funding	$264.0 Million

Highlights: Bank co-lead arrangers had key syndicate member drop out and asked Stern to structure and place the largest tax-exempt senior secured bond for ethanol in U.S. history in two months. Bond amortization did not begin until bank debt amortized and project was into merchant period. Tenor of debt was extended, blended rate was lowered, and IRR improved significantly.

GTL Resources LLC / Illinois River Energy (2007)

Project:	Refinance existing 50 million gallon per year ethanol production facility plant and financing of new 50 million gallon capacity located in Rochelle, IL (in service 2009)
Off-take:	Merchant plant
Technology:	ICM, Inc. technology built under EPC contract by Fagen, Inc.

Funding:

Taxable senior bank debt	$130.0 Million
Tax-exempt sub bonds	$30.0 Million
Equity and State Grant	$48.0 Million
Total Funding	$208.0 Million

Highlights: Developer constrained by limit on senior bank debt. Stern retained to structure and place largest subordinated tax-exempt bond for U.S. ethanol plant and to bring in senior bank lead arranger. Bonds were not only lien but also time subordinated. Bond amortization did not begin until bank debt amortized. Tenor of debt was extended, blended rate was lowered, and IRR improved significantly.

Biofuels Co. of America - Bunge of N.A. Principal Investor (2006)

Project:	Finance 40 million gallon per year ethanol production facility plant in Danville, Illinois (in service 2008)	
Off-take:	Merchant plant	
Technology:	ICM, Inc. technology built under EPC contract by Fagen, Inc.	
Funding:	Taxable senior bank debt	$24.6 Million
	Equity and State Grant	$15.4 Million
	Total Funding	$40.0 Million
Highlights:	Stern retained by Bunge to build its first biodiesel facility in North America. Stern structured and placed bank debt with Fifth Third Bank. $15 million of senior debt was secured in first-ever State balance sheet guaranty in U.S. Effect of guaranty was to improve rate, tenor, amortization and covenants for Bunge beyond what it had been offered by banks in its loan syndicate. IRR improved significantly.	

Sexton Energy LLC Projects (2003-4)

Project:	Finance two separate landfill gas to electricity projects in suburban Chicago (in service 2004-05)	
Off-take:	Electricity sold to ComEd under PPA as required by PURPA	
Technology:	GE / Jenbacher technology built under EPC contract by GE	
Funding:	Tax-exempt senior bond debt	$7.5 Million (2003 Project)
	Tax-exempt senior bond debt	$3.5 Million (2004 Project)
	Equity and State Grant	$4.0 Million
		$15.0 Million
Highlights:	Stern retained by nationally known waste hauler and landfill owner operator to finance first methane to electricity projects. Stern structured and placed the first tax-exempt bonds used to finance LFGTE projects in U.S. Stern also secured letter of credit from Fifth Third Bank. Bonds sold as variable rate demand bonds in seven-day mode. This resulted in all-in cost of capital under 6% and improved IRR significantly. Stern asked by EPA Landfill Methane Outreach program to present white paper on innovative financing at conference in January, 2004.	