

LESMARK

LesMark Capital, LLC

ENERGY PROJECT CONSTRUCTION FINANCING

Collateral	First deed of trust (Mortgage) on the project, lien on any equipment and an assignment of the power purchase agreement (PPA) and/or lease.
Loan Types	Construction and immediate delivery.
Property Types	Primarily targeting renewable energy projects such as solar, wind, landfill gas and waste-to-energy, although other forms of power generation facilities will be considered.
Locations Considered	International provided the underlying sovereign rating of the host country is Baa2/BBB or better.
PPA Requirements	The off-taker must include, in most cases, an unconditional minimum capacity payment on a hell or high water basis. This “take and pay” arrangement in the power purchase agreement must include a date-certain capacity payment start date to mitigate construction risk, and be sufficient to cover the debt or lease payments on the facility. Construction risk on certain projects can be credit enhanced with an acceptable performance bond. The preferred structure is to wrap the PPA with a bond lease where the tenant is an investment-grade government entity or utility that is sponsoring or purchasing the power.
Lease Requirements	Bond lease only.
Ownership	Corporations, LLC’s and partnerships which must be single purpose, bankruptcy remote entities.
Loan Amounts	\$10,000,000 to \$500,000,000.
LTC/DCR	Up to 100% of the project cost. Down to 1.01x on a bond lease arrangement. Certain projects will also require at least a 1.30x to 1.50x coverage on project net operating income.
Interest Rate	Fixed interest rate for the loan term, spread typically locked at or shortly after commitment.
Expenses	Third party reports (appraisal, environmental, PCR, feasibility study, survey, title, and credit); lender’s legal fees; property inspection and underwriting fee of \$5,000 - \$10,000 depending on the size and location of the transaction. Monthly trustee fee of \$250 - \$1,000, depending on loan size and timing of cash flows.
Term/Amortization	Typically 10-20 years. Must be coterminous with firm tem of the bond lease and/or PPA.
Guaranty	Non-recourse except for standard non-recourse carve-outs (fraud, misrepresentation, environmental, etc.)
Reserves	None under a bond lease structure. Escrows will be required for obligations and expenses not absorbed by the off-taker under a secured PPA structure.
Prepayment	Prepayment is generally open for the loan term with a yield maintenance prepayment premium payable thereafter that is based on U.S. Treasuries + 50 basis points.
Pricing	Pricing is based on the credit strength of the underlying tenant or off-taker, typically benchmarked off the credit tenant’s corporate or lease-backed bonds and