An Energy-Efficiency Workshop and Exposition

Orlando, Florida

Session 5
Financier's Perspective

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United Financial of Illinois

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Agenda

- Brief history of United Financial
- Example of Federal ESPC project
- Investor markets
- Topics to improve efficiency and interest rates

United Financial of Illinois History and Operations

- Provided over $500 million in Federal energy efficiency financing for approximately 125 projects within the last 3 years
- Project terms: 10 – 25 years
- Direct relationships with:
  - ESCO's, Utilities, National Labs, Agencies and O&M Contractors

Federal ESPC Project

- Approximate project cost – $5 million
- Project scope
  - Energy efficient lighting improvements – 57%
  - Water fixture upgrades – 43%
- 10% pre-performance payment / 9 month installation
- ECM title transfer at government acceptance
  - Insurance
  - Taxes
- Investor / regional banking institution

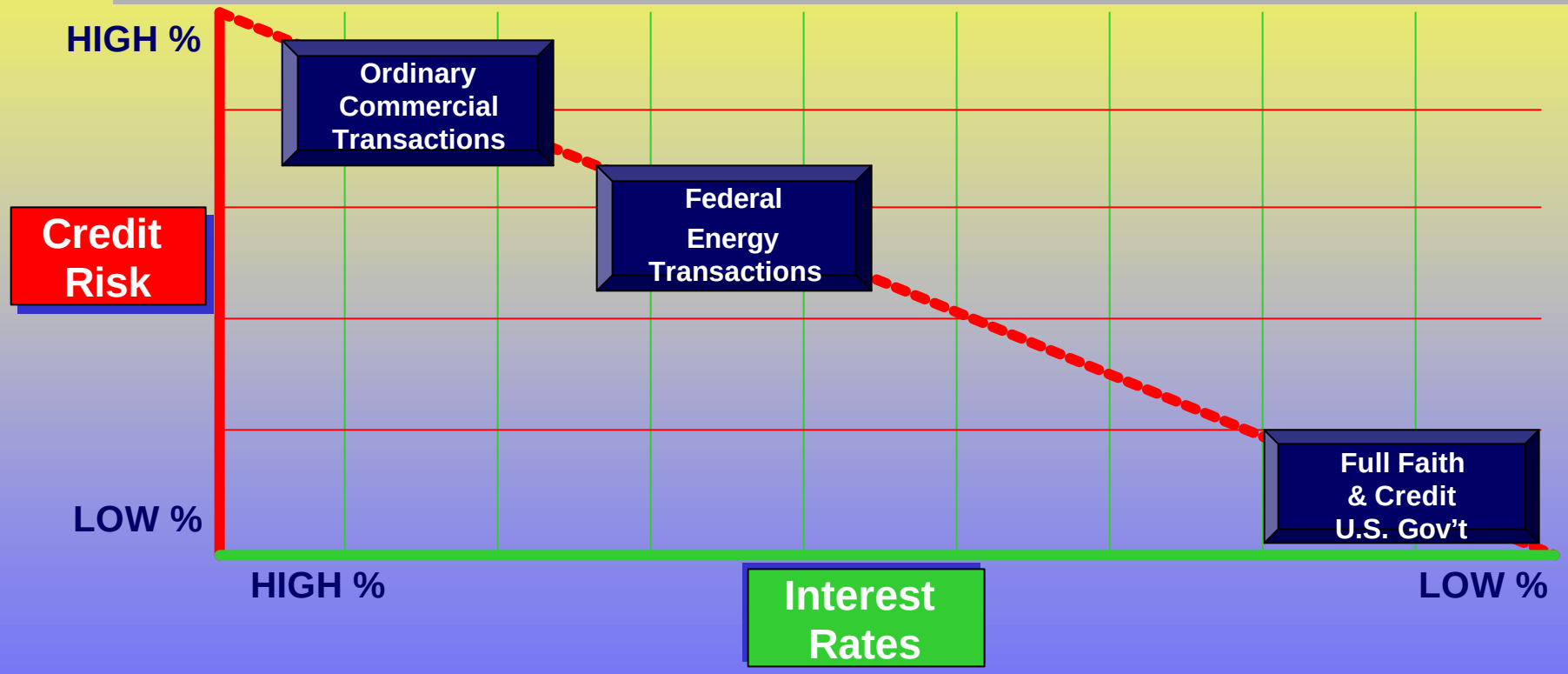
Investor Markets

- Institutional Private Placement
  - Insurance companies
  - Regional banks
  - Community banks
  - Corporate investors
- Institutional Securitizations
  - Insurance companies
  - Banking institutions
  - Multiple investor public issues

Investor Requirements

- Credit quality (investment grade)
- Fixed predictable payment stream
- Adequate investment return
- Secure documentation

Credit Risk / Interest Rates



Topics to Improve Efficiency & Interest Rates

- Maximize stipulated vs M&V savings for capital
- Incorporate no set-off FAR
- Eliminate Termination/Cancellation Sch. “up to” provision
- Incorporate insurance and tax commitment
- Consistent prepayment / refinance language (call provision)
- Contractor replacement clause
- Assignee central clearing contract (help line)

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