

Project Site Selection from the Capital Provider Point of View

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Who is Silveron Capital?

- Financial Advisor and Boutique Investment Bank for Energy and Infrastructure Clients
 - Dallas, Texas based with satellite office in Cleveland, Ohio
 - Primary clients are Project Sponsors seeking assistance in executing business strategies and attracting debt and equity capital
 - Also support investor clients in deal evaluation and closings
 - Principals of Silveron have been involved in over \$5 billion of debt and capital transactions
 - Principals all have Sponsor company experience
- Deal Examples
 - **\$145 million** equity capital raise for geothermal developer
 - **\$110 million** debt capital raise for ethanol developer
 - **\$2.8 billion** debt and equity financings for 4,400 MW power project portfolio
 - **\$98 million** equity capital through PIPEs market for biofuels company
 - **\$375 million** strategic partnership for two 1,000 MW power projects

Capital Provider Point of View – Fundamental Perspectives

- Is the **Return** worth the **Risk**?
 - Are the economic benefits worth the risk?
 - Are the project uncertainties manageable?
- What is my Opportunity Cost?
 - What else could I be doing with my time?
 - What makes this such a good project compared to others on my desk?
 - Time Kills Deals
- I like certainty
 - Clear paths to achieving objectives
 - Contractual commitments
- I am inclined to say “NO”
 - Equity providers often have many other opportunities to consider and reject more deals than they accept
 - Lenders are not paid to take risk

How do I get Capital Providers to say

YES!



Project Reception from the Community

- Become a partner in the project
- Help identify key local players and build local support
- Identify sensitive issues early and meet them head-on. This benefits everyone and reduces opportunity costs for all!
- Avoid surprises late in the project cycle

Strong community support reduces risk

Make Grant Funds Available Early in the Process

- These funds can be a significant benefit for some projects that cannot otherwise attract development capital. Use funds for:
 - Feasibility studies
 - Early permitting or zoning
- Consider sponsoring feasibility studies for industries/projects the region wants to attract
 - Can offer time savings if scope is proper
 - Additional site specific studies may be required

**Early funding can determine what is achievable
and reduces risk**

Clear Zoning, Permitting and Environmental Review Processes

- These are frequently deal killing issues
- Equity providers don't like ambiguity
 - Public processes
 - Government administration
- Lenders won't take permitting and environmental risk
- Establish business areas with proper zoning completed
- Early community support can be crucial

Clear processes reduce risk

Economic Incentive Packages

- Knowledge of the programs available (local and state)
 - Are the programs funded?
 - Can programs expire?
- Understand program qualification requirements
 - Conditions for participation (job creation, investment amount, “but for” programs)
 - Timing to file (before site selection, at start-up, etc.)
 - Approval Process
- Understand program reporting for economic impact

Improve project economics versus other opportunities

Things to know about your Project Developer

- What is their experience and track record?
- What are their intended sources of capital?
 - Internal or external funding
 - Debt or equity capital
- Sources of capital will determine what kinds of risks are acceptable and investment return requirements
- External funding usually takes longer to arrange

Get to know your development partner!

Key Points for the Capital Provider

- Build Local Support
- Make Grant Funds available Early
- Understand Zoning, Permitting and Environmental Processes
- Understand Economic Incentive Programs
- Know your Developer

**Projects with superior risk/return profiles
WILL ATTRACT CAPITAL**

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www.silveroncapital.com