

FINANCING SOLUTIONS FOR THE ENERGY INDUSTRY



Contractor Project Finance

www.Advancedenergycap.com

Introduction

Advanced Energy Capital (“AEC”) is an Energy Finance firm providing affordable and innovative financing solutions to the Energy Efficiency industry. AEC has a \$1.5 billion mandate to finance energy efficiency measures in North America. AEC’s financing is characterized by flexibility providing access to energy efficiency solutions quickly and easily.

- The management AEC team has extensive experience in the energy and credit markets;
- Principals have worked together for more than two decades and managed over \$1.7 billion in credit strategies and transactions;
- Funded and managed over \$500 million in direct loan transactions;
- Financed over \$500 million in energy sales;
- 20+ years in the private credit and investment transaction space;
- Currently has over \$250 million in signed energy efficiency finance deals in N.A.
- Maintains an extensive network of energy industry relationships
- Organizer and co-founder of Energy Marketing Conferences in NYC
- AEC is a authorized dealer and distributor of major brands of LED lighting
- AEC provides incentive and rebate funding for contractors who participate in programs such as the Con Edison SBDI program in New York. This provides improved cash flow for contractors enabling them to execute more projects.
- One of AEC’s objectives for 2016 is: “To provide thousands of small businesses across North America the opportunity to implement energy efficiency measures without any initial capital outlay and to offer contractors and vendors a simple, streamlined interface to help them grow.”

A few recently signed Energy Efficiency Financing Agreements:

GI Energy to provide \$25 Million for CHP, Ground Source Heat Pump and other energy projects

- <http://www.prweb.com/releases/2015/11/prweb13078162.htm>

Innovative Energy Solutions – to finance \$25 million of CHP projects

- <http://www.prweb.com/releases/2015/03/prweb12606302.htm>

Power Island Energy – to fund \$50 million for CHP projects.

- <http://www.prweb.com/releases/2015/01/prweb12421321.htm>

Village Global Green – to finance \$15 million of Energy Efficiency projects

- <http://www.prweb.com/releases/2014/10/prweb12287521.htm>

Power Island Energy – to fund \$10 million for backup generators.

- <http://www.prweb.com/releases/2014/11/prweb12314668.htm>

RENEW – to finance \$25 million of their energy efficiency programs

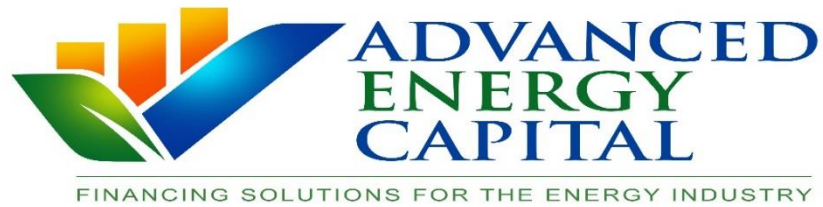
- <http://www.prweb.com/releases/2014/11/prweb12321557.htm>

LED FUNDING, LLC – to fund \$15 million for LED lighting deals

- <http://www.prweb.com/releases/2014/12/prweb12401225.htm>

Earthpoint Solutions - to fund \$25 million of geothermal loops in N.A.

- <http://www.prweb.com/releases/2014/08/prweb12132974.htm>



Contractor Project Finance Program

Problem

Energy efficiency contractors and developers have many projects to install, but may not have the capital to execute on these projects.

- Often there is a mismatch between the timing of their revenues on one hand, and their expenses and payables on the other.
- They seem to be continuously waiting for customers to pay or for leasing companies to pay.
- In the meantime, equipment must be purchased and installers must be paid.

Problem

The result
of this
mismatch:

- Lost projects
- Delayed projects
- Unhappy customers
- Reduced profits
- Further reduced cash flows
- Increased stress
- Higher business risk.

Solution

The AEC Contractor Project Finance Program

- AEC provides project-specific job completion capital to developers and contractors based on specific signed agreements with customers and secured (third party leasing companies etc.) take-out financing upon completion of the job in question.
- Repayment of the capital will be made by the earlier of either the third-party financing payments or customer payments or a combination.

Program Details

Contractors are provided with up to 80% of 'job value'.

Project Finance payments are reduced by payments received from customers or third-party finance firms (such as leasing agencies) with respect to the contract or project.

Project Finance advances are generally paid directly to vendors for purchase of equipment for the specific job or to other third parties, where applicable.

Basic Requirements

AEC Standard Credit Application



Customer Contract



Specifications of the specific job or project



Agreement with third-party finance firm (if applicable)



Supplementary Requirements

Vendor purchase orders

Assignment agreements and direction letters (supplied by AEC)

AEC job site inspections

AEC set-up of ACH payments

Completion guarantee

Other due diligence as required

Program Benefits

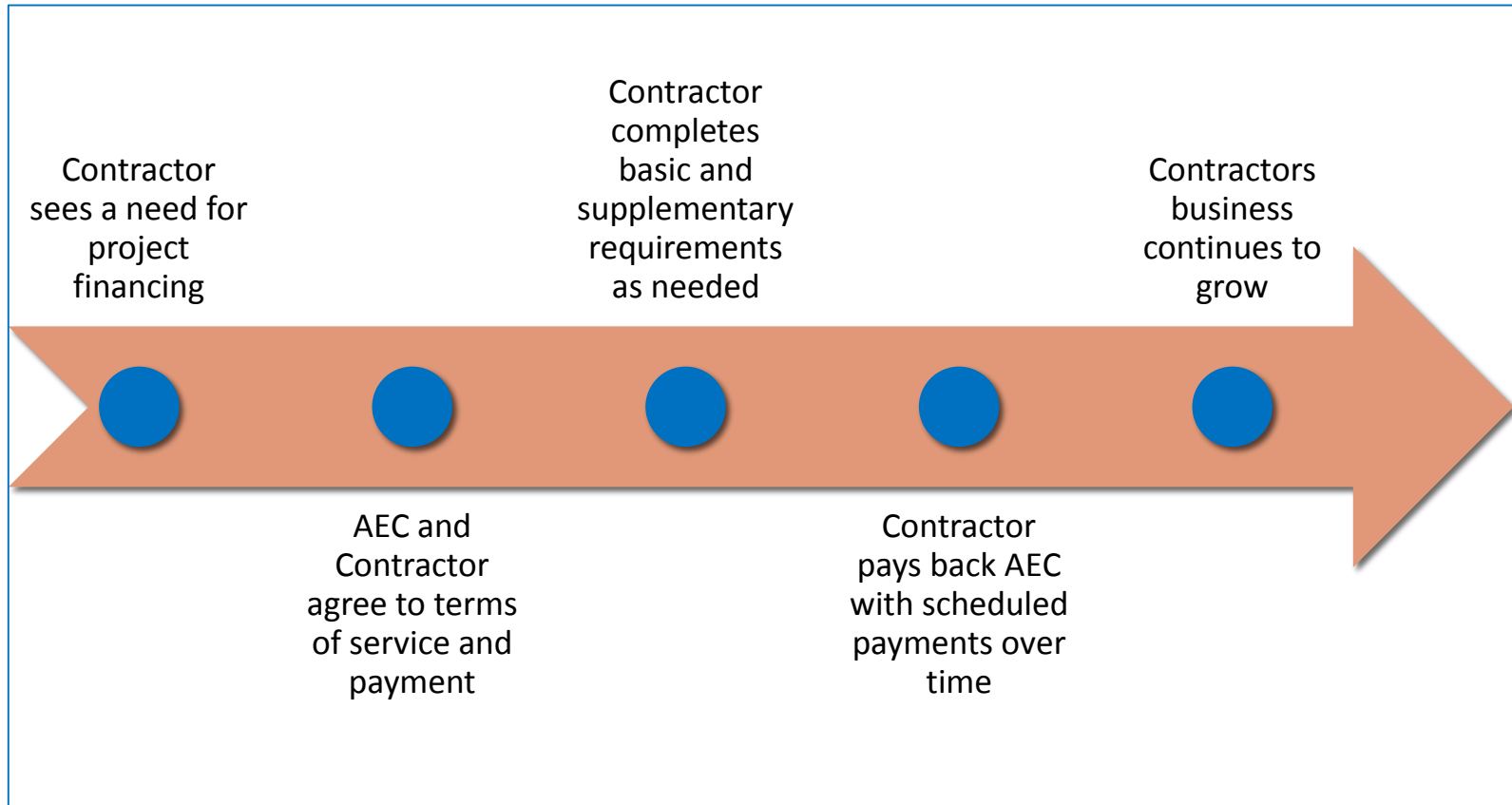
**No need to
wait for
inspection
of utility**

**No need for
rebate
assignments**

**Advances
are available
in multiple
tranches**

**Ability to
make
interim
payments to
reduce
financing
costs**

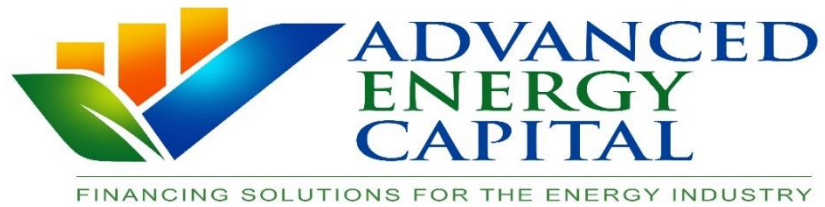
Contractor Project Finance: Flowchart



Case Study

MJ Electrical Contractors have the opportunity to install LED lighting in Ron's Grocery.

- Ron's Grocery is a 77,000 square foot facility, and a big job for MJ Electrical Contractors.
- The 'job value' is assessed to be \$40,000. The opportunity for MJ Electrical Contractors is a great one, but the owner Mike is hesitant to take on the project because of the amount of capital he needs to lay out. He doesn't have the means to pay for this all himself, as the contracting company is involved in other projects as well.
- Using the AEC Contractor Project Finance Program, AEC offers Mike \$32,000 worth of financing (80% of assessed value). Mike is able to finance the cost of the equipment and supplies needed for the job without constraining his cash flow and affecting his ability to work on other projects. AEC pays the suppliers for the products directly which ensures there is no hassle for Mike in securing payments to the suppliers.
- Mike uses money from a leasing company combined with customer payments to pay back AEC for financing the project. The leasing company pays AEC 50% (\$16,000) of the loan amount with quarterly payments of \$4,000 dollars. Mike uses the customer payments to pay the other \$16,000 to AEC over time.
- Combining customer payments and the third-party financing, Mike is able to pay in smaller increments with a schedule better fit for his business needs and abilities. Because he is able to get his project financed, Mike is able to successfully complete the job at Ron's Grocery while still maintaining his other projects and keeping his cash flow steady.



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