An Overview of Financing Wind Systems

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AgStar Financial Services
Headquartered in Mankato, MN
Member owned financial services cooperative
13 flagship offices – Minnesota and Wisconsin
21,000+ client relationships
$5.898 billion in assets managed
$163 million of earnings allocated since 1998
Large single or multiple entity lending capacity – we also partner with many other institutions
Enterprise Summary
(Total Managed Assets – September 30, 2007)

- Renewable Energy: 4.6%
- Timber: 3.1%
- Cattle: 3.7%
- Landlord: 4.9%
- Dairy: 11.2%
- Hog / Live. Agribusiness: 14.9%
- Grain: 13.3%
- Rural Home: 8.5%
- Other: 7.6%
AgStar’s Interest in Wind Energy

An additional source of income for farmers
  Leasing land & wind rights, or
  Direct ownership participation in project
Another ‘value-added’ opportunity
  Utilizing a renewable, locally based resource
Rural development
  Quality jobs
  Improve rural economies
  Opportunity for young people
An opportunity for partnership
  Working together: AgStar, farmers, local community
Small vs. Large Wind Projects

Under 40 kwh in Minnesota
Some interest among AgStar clients
No specific program for financing
  Financed as part of existing relationship

AgStar Wind Project Focus - Commercial size projects - single to multiple turbine sites, community based
Risk Assessment Philosophy

Thoroughness and accuracy of business plan – is critical information included or are there information gaps?

Repayment ability - review and testing of applicants cash flow and financial statement projections to retire loan in 10-12 years.

Is project adequately capitalized; equity: debt

Management assessment and adequacy of risk management plans – cash flow adversity plan

Legal & Credit department review of: power contracts, easements, permits, etc. – including their assign-ability
Credit Underwriting Requirements

Project overview – Business Plan or Prospectus

Capital: Project capitalization - detailed project cost estimates, sources and uses of funds to construct and interconnect the project.

Collateral: Appraisal - Plat drawings, aerial photos, legal description of proposed site and appropriate leases, turbine spec., location of substation.

Repayment Capacity: Detailed budgets of projects expenses and income (10 year amortization).

  Monthly for 24 months
  Annual for next 8 years
Legal ownership structure & copies of documents

Equity Sponsor - background of majority owners
Personal financial statements – based on capitalization
Loan repayment ability – personal or no recourse

List of all required contracts, permits & easements
Turbine supply, MISO, Wind feasibility, Admin. services
Copy of proposed power contract

Risk mitigation plans
Construction and ongoing management, warranties
Insurance coverage
Property/casualty and liability
Business interruption
Summation:

AgStar is very supportive of the continued development of clean, renewable wind power in the region and the nation. Good for nation & rural MN.

Encourages the Federal Government to establish national energy standards and long term P.T.C.

Extends an invitation to community banks and other local financial institutions to consider working in partnership together with AgStar – to finance locally owned wind energy systems.

Thanks for listening!