

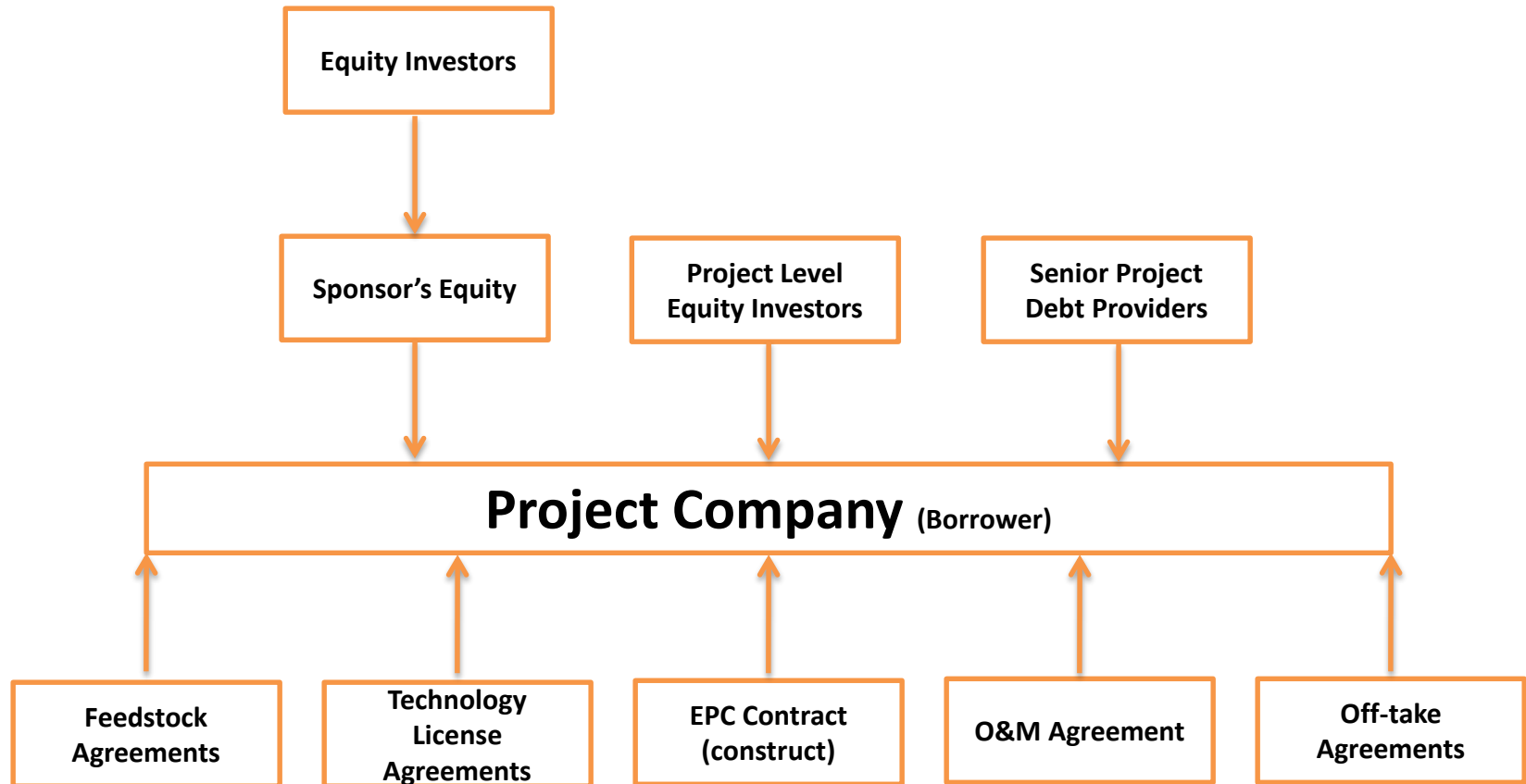


April 2016

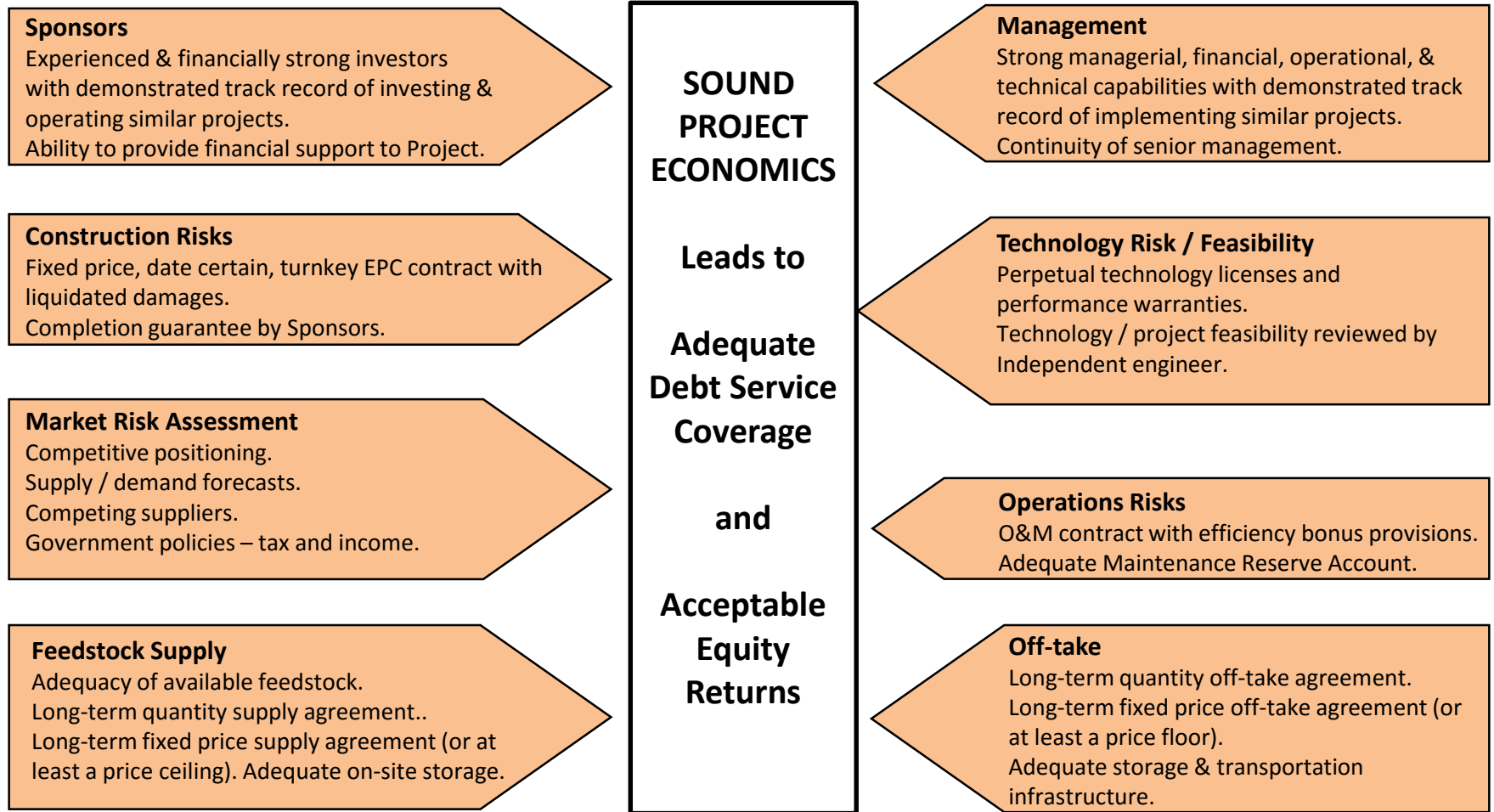
SternBrothers&Co.

# Typical Project Finance Structure

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# Project Structure Mitigates Project Risks



# Credit Enhancements: Insuring “Technology Risk”

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**Discussions with a major insurer of renewable technology (solar and wind) that has indicated an interest in developing a biofuels insurance product**

## **Major aspects of coverage**

- Extended warranty
- Serial loss – Repeated failure of same piece of equipment
- Product defect – Failure of component to function properly
- Performance curve (efficacy)
- Failure of plant to produce the product design output at design specification for design input
- Availability
- Liquidated damages payment in the event that design performance cannot be achieved

## **Insurer’s Information needs:**

- Independent engineer’s report for the project
- Product off-take contract
- Equipment information (price, service and maintenance plan, warranty)
- Access to the EPC contractor

# Stern Brothers – Select Transactions



**\$23,815,000**

**City of Lawrence, Kansas**

Industrial Revenue Bonds

The Bowersock Mills & Power  
Company Hydroelectric Project

Sole Placement Agent



Recovery  
Technology  
Solutions

**\$22,750,000**

**Recovery Technology Solutions, Inc.**

\$6.75 Mil. Corp. Preferred Equity

\$16 Mil. Tax Exempt Bonds

Sole Placement Agent



**\$25,000,000**

**Myriant Lake Providence Inc.**

Revenue Bonds

\$15.0 Mil. USDA Guaranteed Bonds

\$10.0 Mil. Unguaranteed Bonds

Sole Placement Agent



**\$23,330,000**

**California Municipal Finance  
Authority**

Revenue Bonds

(UTS Renewable Energy Wastewater  
Facilities Financing Program)

Senior Placement Agent



**\$65,000,000**

**Pennsylvania Economic  
Development Financing Authority**

Senior Exempt Facilities Revenue  
Bonds

Bionol Clearfield LLC Ethanol Project

Sole Placement Agent



**\$30,000,000**

**Illinois Finance Authority**

Subordinate Solid Waste Disposal  
Facility Revenue Bonds

Illinois River Energy LLC Ethanol  
Project

Sole Placement Agent



**\$29,600,000**

**Biofuels Company of America**

Biodiesel Manufacturing Facility

Senior Secured Credit Facilities

\$15,000,000

Illinois Finance Authority

Agribusiness Loan Guarantee

Sole Arranger



**\$40,000,000**

**Zilkha Biomass Selma LLC**

Revenue Bonds

Sole Placement Agent

# John May, Managing Director



**John May**  
**Managing Director**  
**Co-Head of Alternative**  
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John M. May, Managing Director, is Head of the firm's Renewable Energy Practice, which he founded in 2003. He is a seasoned project finance investment banker who has financed over \$11 billion in loan and par values for over 100 clients in his 25-year banking career. In the past ten years, he has become one of the top renewable energy bankers in the country, having developed a national practice in renewable energy finance focusing on biofuels, biomass, biochemical and bio-products. He is credited with having pioneered the use of bonds as a form of project finance debt in the renewables market. He is financial advisor to numerous renewable companies and has placed senior and subordinated debt financing for new projects, expansions and acquisitions. He has also been placement agent to companies raising debt through the issuance of tax-exempt and taxable bonds. In 2003, he underwrote the country's first tax-exempt bond issue to fund a landfill gas-to-electricity project. In 2005, he was responsible for developing one of the first tax-exempt bond structures sold to major U.S. institutional investors to fund ethanol projects. He was the first banker to use a State guarantee of debt for a biofuel financing. In 2006, he secured a \$15 million full faith and credit guarantee from the State of Illinois for a biodiesel project. Also in 2006, he introduced the use of bonds as a complement to syndicated bank debt in large biofuels financings. In 2008, he was placement agent for bonds used to finance the first U.S. ethanol plant with an off-take agreement from a major international oil company. In 2010, he created the bond finance structure adopted by the USDA in its Bio-Refinery Loan Guarantee Program; this resulted in the Agency's adoption of a new Interim Final Rule for the program in 2011.

In 2012, John led the investment banking team that closed the first project financing for a biochemical company in U.S. history, for Myriant Corporation. The deal was awarded "Deal of the Year" by *Biofuels Digest* Magazine for 2012. He currently represents approximately 30 biofuels, biomass and biochemical and biorefinery technology, development and feedstock companies worldwide. John has been involved in financing renewable projects in ten states in the U.S., and is currently at work on financings for clients seeking to develop projects offshore in Canada, Latin America and the EU. He has developed Stern Brothers' international practice into one of the most recognized brands in the financing of biofuels in the U.S.

John is a frequent speaker at national conferences and webinars in the industry for such sponsors as: ACORE, Infocast, Advanced Biofuels Association, BIO, Platts, Projects and Money CDEA, Midwest Energy, GreenPower, The National Governor's Association and the American Bar Association. He has provided counsel on financing options and the credit markets to such government and association industry stakeholders as the USDA, the Staff of the U.S. House Agriculture Committee, the U.S. Department of Energy/NREL, and the United States Congress Joint Committee on Taxation. He has been featured in recent articles on biofuels finance authored or sponsored by *Biofuels Journal*, *Biofuels Digest*, *Biorefining Magazine*, *Renewable Energy from Waste Magazine*, and *Waste Advantage Magazine* and published on *Grainnet.com*.

In 2011, John was elected to the Advisory Board of the Rockefeller Brothers Fund's Climate Prosperity Partnership. In 2012, John was voted one of the "Top 100 People in Bioenergy 2012" by the readers of *Biofuels Digest*. In November 2012, John was featured on the cover of Biomass Magazine in an article entitled "Meet the Biobanker". Mr. May is also a member of the Board of Directors of the Donald Danforth Plant Science Center's BRDG Park.

In early 2013, John was named the 50<sup>th</sup> most influential person in the world in Bioenergy by *Biofuels Digest*. On March 17, 2013, John was featured on the Platts Energy Week Sunday morning television broadcast which aired on selected PBS and CBS stations in major markets in the U.S. He was invited to speak as a global leader in the field of bioenergy and biochemical/product project financing.

At the World Biofuels Markets conference held in Rotterdam in March, 2013, John's credit enhanced bond financing for Myriant Corp was shortlisted with two others for the World Biofuels Deal of the Year.

John began serving on the Power Generation & Infrastructure Advisory Committee of the American Council on Renewable Energy (ACORE) beginning in 2013.

Prior to beginning his investment banking career, John practiced law at two national firms in Kansas City and Dallas. He received his J.D. and M.B.A. (with concentration in Finance) degrees from the University of Kansas, and his B.A. with Honors Cum Laude from Brown University.