

# WELCOME!

## ~ Today's Menu ~



**Solar Power in Maine:**  
*What you need to know about  
investing in solar in Maine*

**Hollywood Casino, Bangor, ME**  
*October 29, 2019*

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CITY OF BANGOR



## *Our Program*

In 2019, the Maine Legislature passed LD 91 which reset the state's metering policy for solar and ensures that consumers who produce electricity from solar panels are fairly compensated for supplying excess energy back to the electric grid. Come learn more about solar, from design to financing to tax credits.

Thank you for joining us for breakfast today at the **Hollywood Casino & Hotel** in **Bangor!**

## *Our Speakers:*

**Vaughan Woodruff**, is the CEO and founder of Insource Renewables, a solar contracting firm headquartered in Pittsfield, Maine. Insource Renewables is one of only ten solar installation companies in North America to achieve accreditation and was recognized in 2019 as a "Best For the World" company based on ranking in the top 10% of Certified B Corps around the globe in its treatment of workers. In addition to leading Insource's efforts over the past decade, Woodruff is the former chair of Maine's solar industry trade group and is a recognized as a leading voice for the solar industry at the Maine legislature and Public Utilities Commission.

**Jeffrey J Eades**, National Sales Director at KEF Clean Energy (K4G) since June of 2015, is responsible for the development and delivery of Key Equipment Finance and Key Bank's Energy Efficiency and Renewable financing offerings throughout the corporate footprint. His role includes the management of sales team members located in the Eastern, Midwestern and West Coast Regions.

**Justin Morren** is a Manager in BerryDunn's Tax Consulting and Compliance Group. Justin is a seasoned advisor on tax treatments for pass-through entities, and brings a deep understanding of partnership and limited liability company taxation, including contributed property concerns and complex tax allocations. Justin provides planning, compliance, and consulting services to privately held entities in the professional services, manufacturing, wholesale and retail, real estate, and forest products industries. In this role, he has advised business owners on the tax benefits of renewable energy ITC tax credits. This experience includes tax planning using multiple year income tax projections for after-tax cash flow purposes and tax return compliance.

# LEGISLATIVE ADVOCACY



## **First Regular Session of the 129<sup>th</sup> Legislature Adjourned Sine Die on June 20<sup>th</sup>, 2019**

The First Regular Session of the 129<sup>th</sup> Legislature adjourned *sine die* on June 20<sup>th</sup>, 2019 at 6:25 a.m. Pursuant to the Constitution of Maine, Article IV, Part Third, Section 16, the general effective date for nonemergency laws passed in the First Regular Session of the 129<sup>th</sup> Legislature is **Thursday, September 19, 2019**. In the First Regular Session, the legislature considered 1,846 bills, enacted 652 bills, and carried over 411 bills. In contrast to prior years, there were few vetoes throughout the session: Governor Mills vetoed 8 bills, which were all sustained.

In addition to approving an \$8 billion budget, the legislature passed laws to:

- Create a Climate Council with the goal of decreasing greenhouse gas emissions statewide;
- Modify the adult recreational marijuana laws and enable a regulatory scheme;
- Change certain provisions of the unemployment compensation laws to provide additional benefits to injured workers; and
- Require businesses with ten or more employees to provide earned paid time off.

## **First Special Session of the Legislature Passes only One Bond Question on to Voters**

Governor Mills called a special session of the 129<sup>th</sup> Legislature for the purposes of considering bond referenda to be sent to voters on August 26, 2019, convening at 10 a.m. The session lasted about 9 1/2 hours, adjourning in the early evening. During the session, the legislature considered bonds to provide:

- \$105 million for transportation infrastructure including highways, bridges, freight and passenger railroads, ports, marine transportation and other improvements;
- \$15 million for environmental clean-up and a revolving loan fund for residential purchases of heat pumps;
- \$23 million to increase access to broadband internet and capital improvements to career and technical centers; and
- \$20 million to preserve lands under the Land for Maine's Future program.

Despite a long day at the State House and several attempts on the part of Democratic leaders to pass most or all of the above initiatives, Republicans blocked all but the transportation infrastructure bond. Bond bills need a 2/3 majority vote in order to proceed to a referendum, and at the end of the day, Democratic leaders were not able to rally enough Republicans to overcome that hurdle.

During this Special Session, legislators also enacted a bill that would apply the rank-choice voting process to Maine's presidential primary election. This bill is awaiting action from the Governor, who has until Thursday, September 5, to veto the bill or it will become law without her signature.

# LEGISLATIVE ADVOCACY

## Looking Ahead to the Second Session; Cloture September 27, 2019

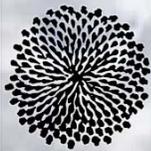
Even as summer is just winding down, the cloture date for bill requests for the Second Regular Session looms large on **September 27<sup>th</sup>, 2019**. The Legislative Council will consider the bill requests at its meeting scheduled for October 23, 2019 at 10:00 a.m. All bills admitted for consideration in the Second Regular Session must be “emergency” in nature. The Second Regular Session of the Legislature convenes on January 8, 2020, and has a statutory adjournment date of Wednesday, April 15, 2020.

## HELP US MAKE A DIFFERENCE



MEREDA members can have a real impact on these important issues. We encourage our members to become involved in our legislative affairs, to attend our meetings, receptions and outreach opportunities.

MEREDA makes advocacy a high priority and we work hard throughout the year to give our members a voice in the legislative process. If you are interested in becoming involved please contact the MEREDA office at (207) 874-0801.



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# THE FUTURE IS (NEARLY) HERE – THE NEW SOLAR LANDSCAPE IN MAINE

Vaughan Woodruff  
CEO

## ABOUT US

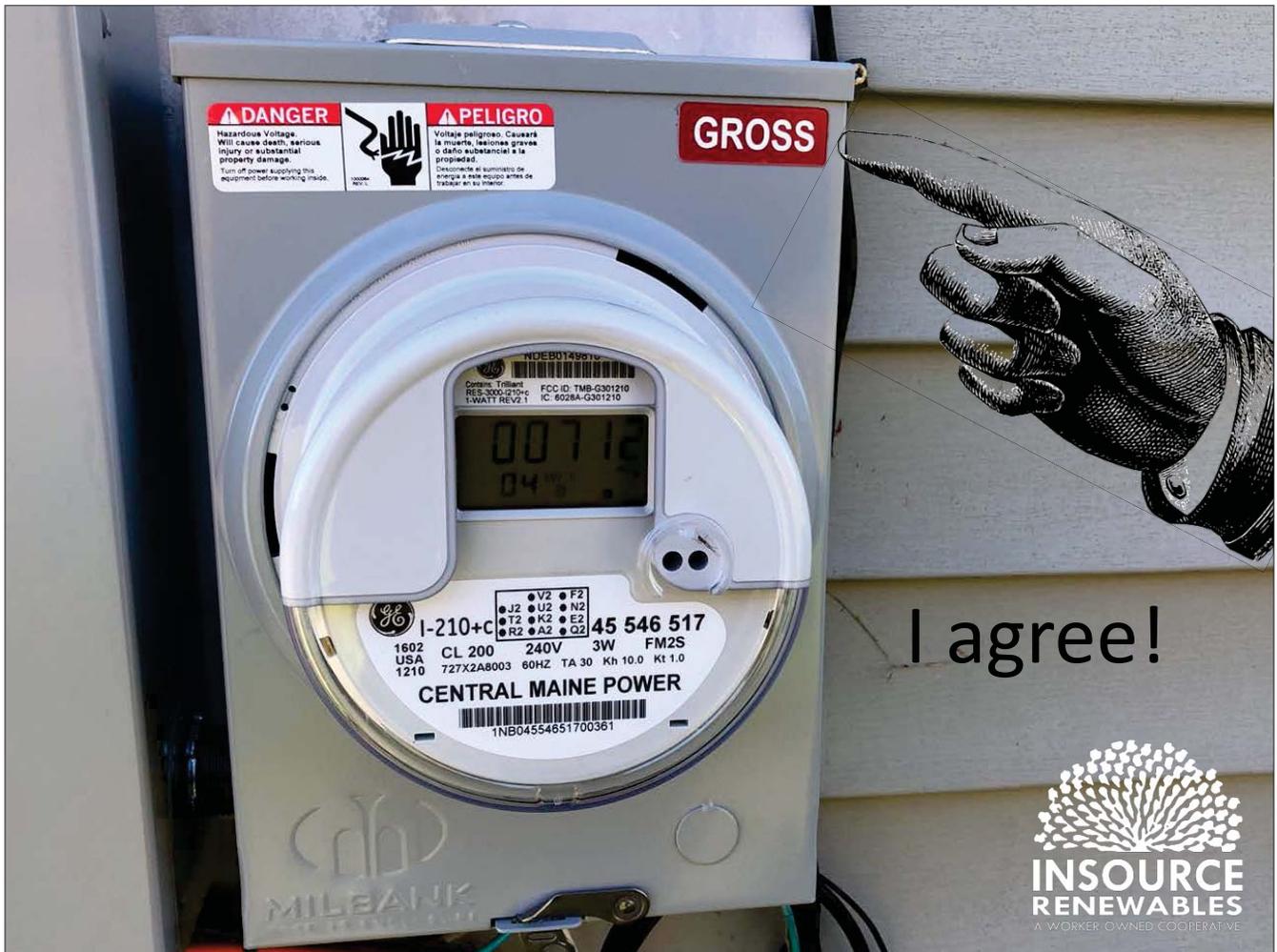
- Headquartered in Pittsfield
- One of only ten accredited solar installation companies in North America
- Certified B Corp
- Worker cooperative
- Lead contractor for three Solarize programs
- State policy leader



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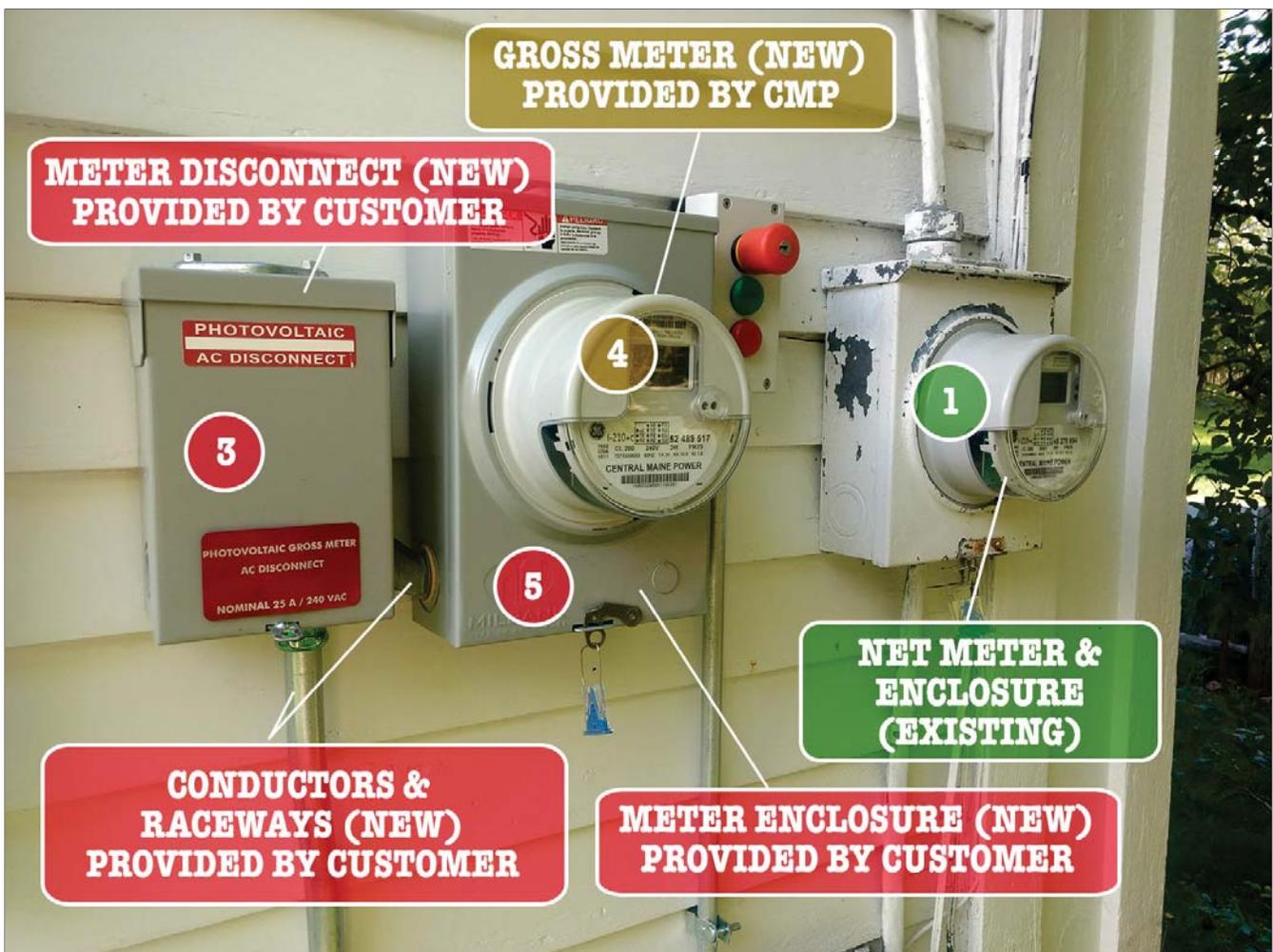
# WHAT CHANGED?

## The Breakdown



# THE PROBLEM:

Maine PUC adopted a costly rule that penalized ratepayers and solar owners.



# THE PROBLEM:

Maine PUC adopted a costly rule that penalized ratepayers and solar owners.

# THE SOLUTION:

## Maine Legislature Approves Bill To Repeal Gross Metering

Posted by **Betsy Lillian** - March 21, 2019



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The Maine legislature has approved a bill that would eliminate the state's controversial "gross metering" rule for solar.

The legislation, L.D.91, was introduced in January by State Rep. Seth Berry, R-Maine, to repeal a fee for solar customers that was enacted under the administration of Maine's previous governor, Paul LePage.

In the face of criticism from the business and industrial sectors, the Maine Public Utilities Commission suspended gross metering for those sectors. Now, L.D.91 would terminate the fee for residential solar systems. Legislation similar to L.D.91 previously received bipartisan support but was defeated as a result of a veto by LePage.

# LD 91

## “AN ACT TO ELIMINATE GROSS METERING”

MARCH 21, 2019 BILL PASSES LEGISLATURE  
APRIL 2, 2019 GOV. MILLS SIGNS INTO LAW  
APRIL 9, 2019 PUC ENDS GROSS METERING

LOCAL & STATE > Posted January 3 | Updated January 3

INCREASE FONT SIZE 

## Brunswick families ask state's top court to overturn solar panel tax

Among other arguments, the families claim there is not enough evidence to support the claim that solar panels add any resale value to a home.

BY HANNAH LACLAIRE TIMES RECORD

Share     



From left, Jake Plante, Marclia Harrington and Alexandra Plante stand in front of the solar panels mounted on the garage at their Rossmore Road home in Brunswick. The solar panels were assessed by the town and taxed as real property, a decision Plante, Harrington and six other property owners with solar panels are seeking to have overturned. *Darcie Moore/Times Record*

BRUNSWICK — A group of Brunswick families is asking the state's top court to overturn a solar panel tax, arguing that the town placed an arbitrary taxable value on the panels that is unconstitutional and will hold back the growth of solar power in town.

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# THE PROBLEM:

Inconsistent and unpredictable tax treatment of solar investments results in negative outcomes for residents, businesses, and municipalities.

# THE SOLUTION:



PROJECTS SOLAR PV HEAT PUMPS



The solar bill no one in Maine is talking about... but should be

June 19, 2019

## Solar Steps Forward in Maine

The 129th Session of the Maine Legislature represents a gigantic step forward for the deployment of solar energy. The session started with the passage of LD 91, a bill that removed a punitive compensation system for solar owners that was highly costly to other ratepayers. Just

# LD 1430

## “AN ACT TO CREATE TAX EQUITY AMONG RENEWABLE ENERGY INVESTMENTS”

- Blanket equipment and real property tax exemption for solar energy systems that are compensated with bill credits
- Removes uncertainty for solar investors
- Municipalities receive reimbursement from state

June 19, 2019

### Solar Steps Forward in Maine

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## Top 10 Corporate Solar Users – Fun Facts

### #1 TARGET.

Target added more than 40 MW of solar in 2017 - more than 23 U.S. states and any other U.S. retailer

### #2 Walmart

Every week, 9.6 million people, or roughly 3% of the U.S. population, visits a solar-powered Walmart

### #3 PROLOGIS

Prologis has installed more solar capacity than 21 U.S. states and plans to have 200 MW of solar installed by 2020

### #4 Apple

Apple's solar facilities produce enough electricity annually to fully charge more than 44 million iPhones every day for a year

### #5 KOHL'S

More than 19,300 Americans work at a solar-powered Kohl's

### #6 COSTCO

Every year, more than 11 million hot dogs are sold at solar-powered Costcos

### #7 General Growth Properties, Inc.

Since 2011, General Growth Properties has reduced their grid-purchased electricity consumption by more than 267.9 million kilowatt-hours, enough energy to power all of the homes in Napa, CA for one year

### #8 IKEA

Every day, more than 60,200 Swedish meatballs are sold at solar-powered IKEA stores across the U.S.

### #9 macy's

Macy's has installed enough solar capacity to power more than 1.7 million televisions during their annual Thanksgiving Day Parade

### #10 amazon.com

Amazon's solar installations generate enough electricity to power more than 1.4 million Echo Dots every year

For sources and references, see page 26

# THE PROBLEM:

Top 10 Corporate Solar Users – Fun Facts

Maine's rate design excludes medium and large electricity users from effectively utilizing solar energy to reduce energy costs.

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For sources and references, see page 26

April 2018

[seia.org/solarmeansbiz](http://seia.org/solarmeansbiz)



Solar Means Business 

12



# THE PROBLEM:

Maine's limit on the number of participants in a community solar project undermined development.

# THE SOLUTION:

## CEI

[Find an Advisor](#)

[Apply for Financing](#)

[Invest with Us](#)

JUNE 20, 2019

### Maine Poised for Big Boost in Clean Energy

Broad Coalition of Businesses, Towns, and Advocates Praise Progress

Augusta, ME – Bipartisan majorities in the Maine Senate and House have given final approval to a [historic solar energy bill](#) that would give residents, businesses, and towns more opportunities to invest in affordable solar power. LD 1711, sponsored by Senate Minority Leader Dana Dow (R-Lincoln), is awaiting the signature of Governor Janet Mills, who has signaled she intends to sign it into law after campaigning on the need for more solar power in Maine.

The solar bill, combined with a bill that will [expand the state's Renewable Portfolio Standard](#) (RPS) to 80% by 2030 and sets a goal of 100% renewable by 2050, represents the most significant renewable energy action in more than eight years. Previous versions of the solar bill had been passed by the Legislature but vetoed by former Governor Paul LePage, who was also a vocal opponent of the RPS.

LD 1711 is projected to result in the development of more than 400 megawatts of distributed solar power and create more than 500 new jobs by bringing much needed regulatory predictability and a competitive marketplace to reduce energy costs. It uses competitive markets to drive down costs, and has requirements and options to increase access to solar for low- and median-income households.

# LD 1711

## “An Act To Promote Solar Energy Projects and Distributed Generation Resources in Maine”

- Increased the maximum size of solar facilities that can be net metered
- Eliminated the limit on number of accounts that can be credited from a solar facility
- Created a monetary credit that can be applied to medium and large electrical consumers
- Requires utilities to buy from larger scale solar projects

## THE PROBLEM:

Maine’s rate design excludes medium and large electricity users from effectively utilizing solar energy to reduce energy costs.

## THE SOLUTION:

A rate tariff for medium and large electrical consumers.

# THE PROBLEM:

Maine's limit on the number of participants in a community solar project undermined development.

# THE SOLUTION:

The cap on the number of participants was eliminated (and the eligible size was increased to 5 MW)

# WHAT WILL CHANGE?

The Results



# EXPECTED RESULTS

1. RESIDENTIAL ROOFTOP will sharply increase due to full net metering and increasing visibility of large projects.
2. COMMERCIAL ROOFTOP will become much more prevalent due to tax certainty and C&I rate tariff.
3. COMMUNITY SOLAR will open easy pathways for a variety of customers to gain benefits from solar.

# EXPECTED RESULTS

continued

4. SOLAR JOBS will become more prevalent in various sectors, including construction, design, and finance.
5. POLICY will be adjusted to address possible shortcomings.



# Key Equipment Finance Clean Energy Team

## Overview

October 29, 2019



## Key overview

### KeyCorp at a glance

- 12<sup>th</sup> largest US bank-based financial services company<sup>1</sup>
- Fortune 500 company
- Market capitalization of \$20.6B (NYSE: KEY)
- Total assets: \$139B
- 18,000+ full-time employees
- Community banking in 15 states, corporate banking (offices) across the U.S.
- Nine consecutive Outstanding ratings for lending under the Community Reinvestment Act<sup>2</sup>
- Tier 1 Risk-based Capital Ratio: 11.09%<sup>3</sup>

### Rating Summary – KeyBank NA

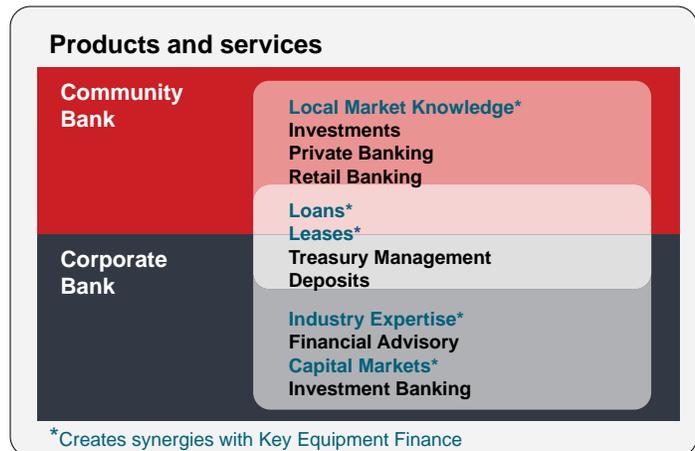
	Category	Rating
	Long-Term	A3
	Short-Term	P-1
	Long-Term	A-
	Short-Term	A-2
	Long-Term	A-
	Short-Term	F1



Slide updated 10/29/2018

# About Key Equipment Finance (Over view)

- Nearly \$13 billion in assets (nation's 5<sup>th</sup> largest bank-affiliated equipment leasing company in net assets)
- Nearly \$6 billion of originations in 2017 (nation's 4<sup>th</sup> largest bank-affiliated equipment leasing company in originations)
- Approximately 400 employees
- Market specialization:
  - Industrial
  - Technology
  - Clean Energy
  - Healthcare
  - Specialty Vehicle
  - Government



# Key Equipment Finance – Overview

- Customized equipment finance services:
  - Equipment financing solutions for commercial and government entities
  - Point-of-sale financing programs for customers of select manufacturing organizations
  - Specialty financing and funding solutions

**Bank Channel**

- Direct to U.S. businesses
- Marine and Corporate Aviation expertise
- Transaction size from \$500 K – \$100mm+
- Clean Energy

**Commercial Vendor**

- Retail, captive and wholesale programs in U.S.
- Healthcare, IT, Industrial and Specialty Vehicle

**Key Government Finance**

- Federal government
- Municipal
- Education
- 501(c)(3)
- Hospitals
- Tax-exempt financing

**Specialty Finance**

- Specialized Finance Team
- Syndications
- Specialty Finance Lending



# KEF capabilities

Business-to-business specialists offering deep industry knowledge and broad equipment financing experience to create customized financing solutions that address challenges specific to your business

## Benefits

- Optimize cash flow
- Preserve lines of credit
- Payments aligned with income stream and seasonal cash flow
- Enhanced balance-sheet ratios
- Potential tax benefits<sup>1</sup>
- Equipment acquisition and disposal strategies
- Installer/Developer matching and referrals

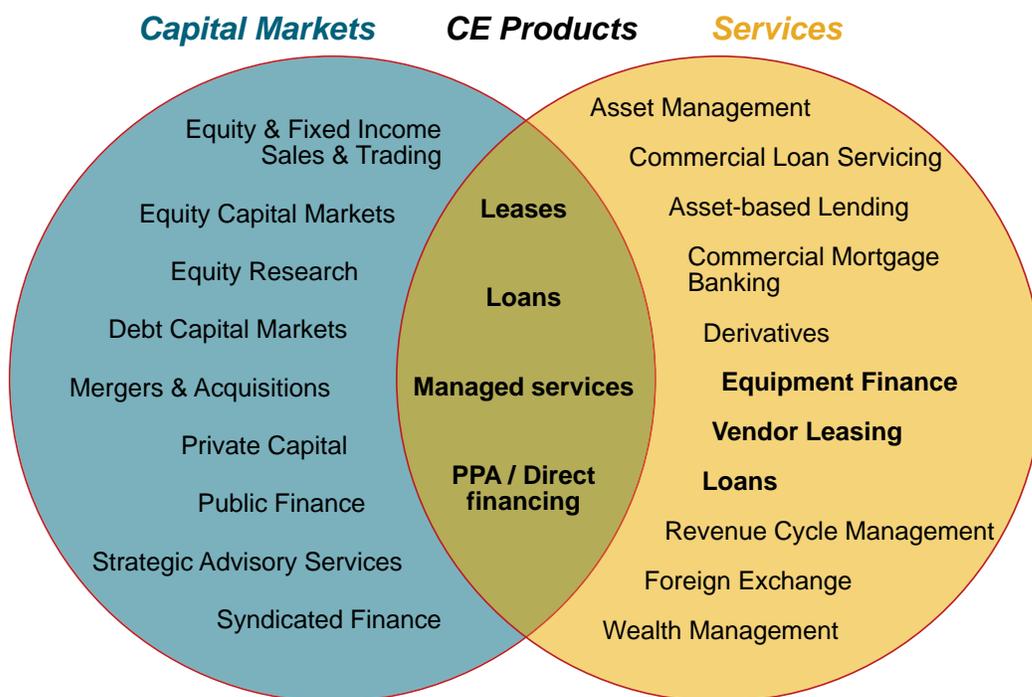
## Tenured expertise

- Financing energy assets since the 1990's with \$3B+ portfolio
- Transaction sizes from \$500 K to \$100mm+
- 100% financing, including installation, taxes and training
- Complex structures
- Software financing
- "As-a-service" offerings

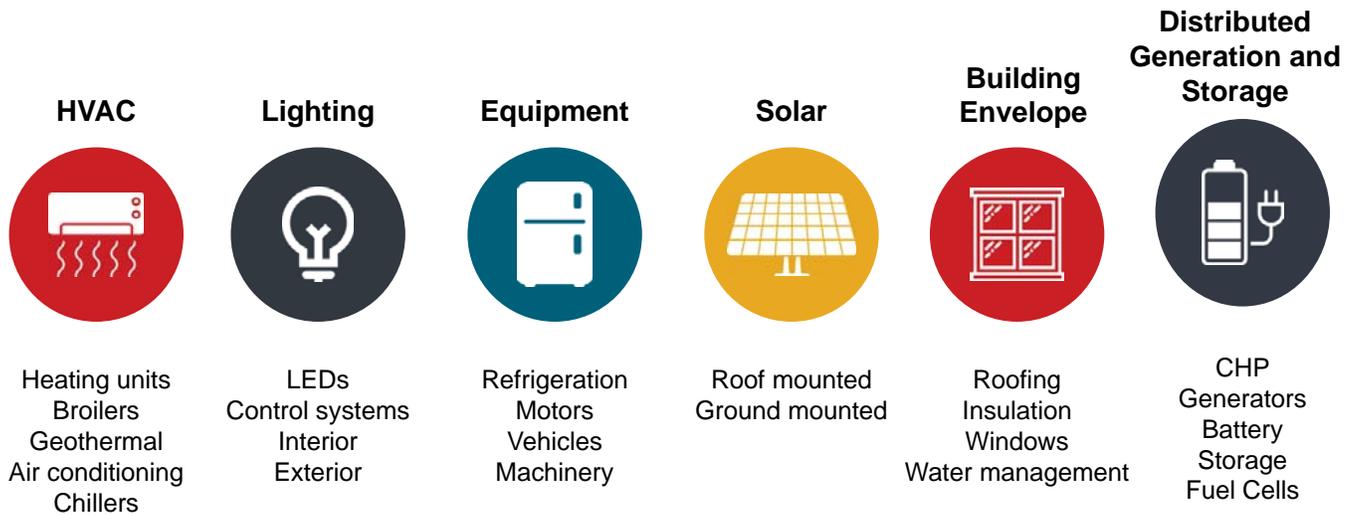


<sup>1</sup>Consult your tax advisor All credit, loan, and leasing products are subject to credit approval, terms, conditions and availability

# Key's Clean Energy breadth and focus



# KEF: Expansive Clean Energy financing experience

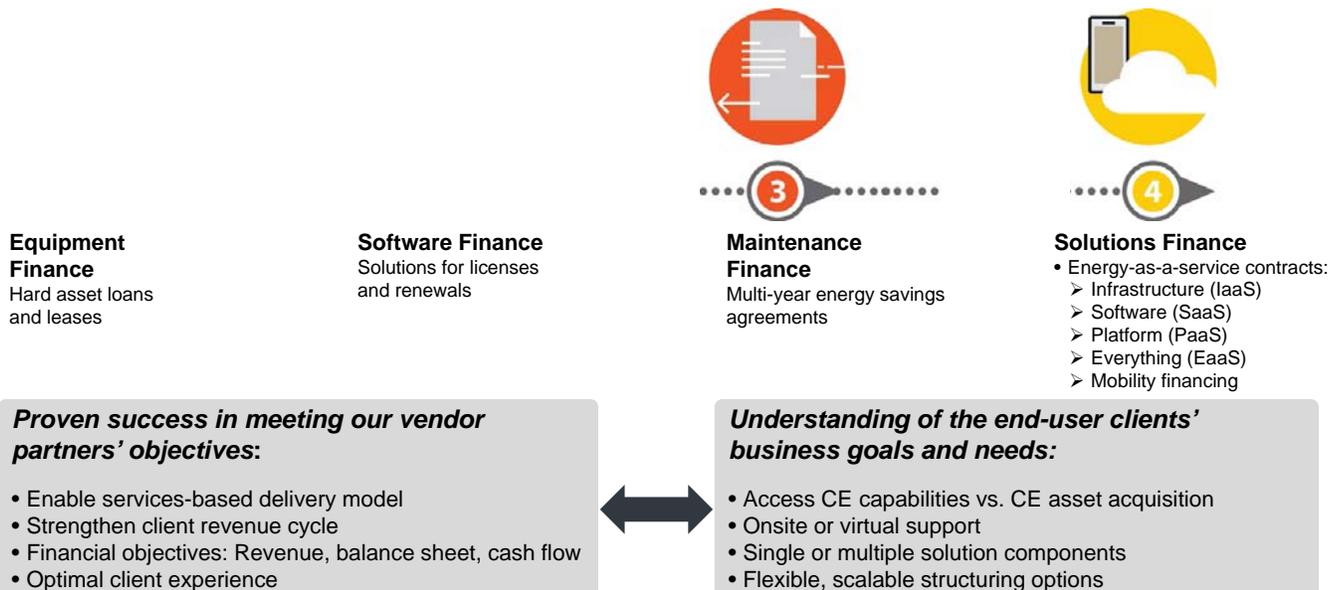


Standard terms: 5 – 15 years



# KEF Clean Energy solutions financing

A longstanding history of evolving capabilities to meet dynamic market trends



# Clean Energy structures and technical acumen

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## Products

- Full-recourse leases and loans
  - Operating and tax leases
    - Tax structuring expertise
    - Potential ITC and Bonus Depreciation tax benefits
    - Possible early buyouts (tax leases)
  - Capital and non-tax leases
  - Energy Services Agreements
- Leases and loans to Project LLCs
- Construction financing/ Equipment loans
- Managed services/ Sale/leasebacks
- Financing: PPA/ Direct
- 467 loans
- Recourse and non-recourse

## Assets we finance

- New or used equipment solutions
  - Solar power
  - Wind generation
  - Hydropower
  - Biomass fuel/ Fuel cells
  - Battery power storage/backup systems
  - Energy storage
  - CHP
  - Generators
  - Reciprocating engines
  - Gas and steam turbines
  - Reverse absorption chillers
  - LED/Lighting



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# Thank you

Jeffrey J Eades

Vice President National Sales Director - Clean Energy

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# Appendices

PPA – REC - Sample



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## Transaction process – PPA/REC Summary

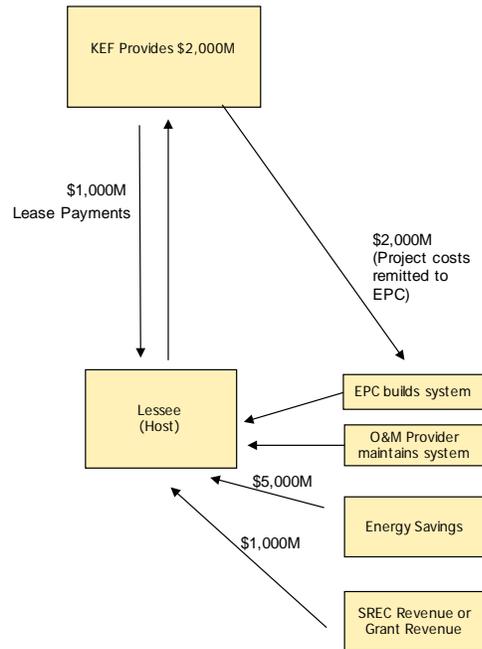
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- **Information on the project:**
  - Project summary
  - Description of the facility, including type and size of installation
  - Major component manufacturers and warranty information
  - Amount and structure requested (tax/nontax)
  - Excel version of the economic model or pro forma, including PPA income, expected generation, incentives
  - Copy of the PPA/REC
  - Indicative O&M, insurance costs, land/roof lease costs and any other operating expenses
  - System cost and detailed line item breakdown of the hard costs (equipment) and soft costs (non-equipment, i.e. design, permitting, engineering, labor, etc.).
  - Site control information
  - Any preliminary system layouts
  - Will construction finance be needed on this project? If so, construction draw schedule with amounts and timing of milestone payments
  - EPC who is building the project



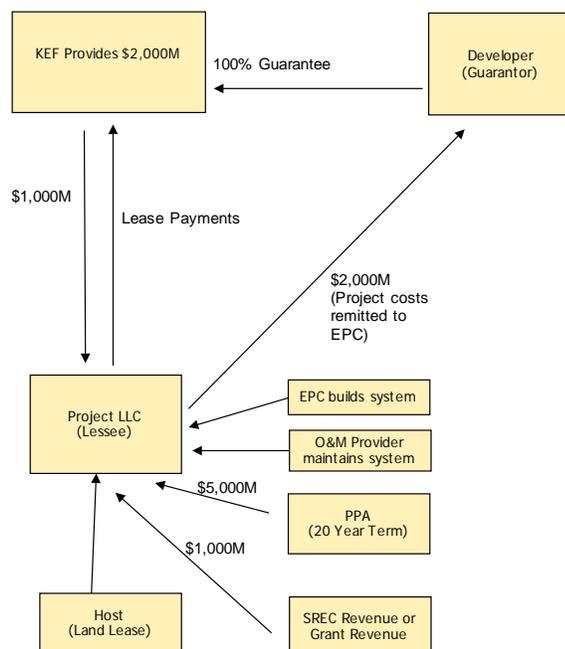
## Transaction process – No PPA

- Structures available: Standard sale-leaseback, capital lease or loan
  - Lessee enters into Engineering Procurement and Construction (EPC) agreement with system installer
  - Lessee obtains equipment operating and maintenance (O&M) services
  - Standard sale-leaseback
    - Lessor purchases system and leases back to Lessee
    - Lessee may have Early Buyout Option after ITC recapture period



## Transaction diagram – with PPA/REC

- Structures available: Capital lease, loan or standard sale-leaseback
  - Lessee enters into EPC (Engineering Procurement and Construction) agreement with system installer
  - Financing is “hell-or-high-water,” i.e., stronger than borrower’s production-only guarantees
  - Equipment, Project LLC and PPA are part of the collateral
  - Standard sale-leaseback
    - Lessor purchases system and leases back to Lessee
    - Lessee may have Early Buyout Option after ITC recapture period



## Transaction example – Lease with PPA/REC

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- Location: NY
- System Size: 2.8 mW DC
- Lease amount : \$7.7mm
- Finance product: Tax lease to project LLC, guaranteed by developer
- Term: 10 years
- Equipment: PV Solar, Project LLC assets pledged as collateral, i.e. PPA and incentives
- Incentives: State Grants (NYSERDA), ITC, PPA revenue
- Application: Ground-mounted, fixed-tilt solar on landfill
- Host: Municipality
- Energy off-taker: Municipality
- EPC/ Developer: Solar developer, EPC





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Justin Morren, CPA

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Contact info - [jmorren@berrydunn.com](mailto:jmorren@berrydunn.com)

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207-991-5137

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# FEDERAL INCENTIVES

## GREEN INCENTIVES AND CREDITS

### FOR BUSINESSES

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## INVESTMENT TAX CREDIT ISSUES SUMMARY

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- Solar, Landfill Gas, Wind, Biomass, Hydroelectric, Geothermal Electric, Fuel Cells, Geothermal Heat Pumps, Municipal Solid Waste, CHP/Cogeneration, Hydrokinetic Power (i.e., Flowing Water), Anaerobic Digestion, Small Hydroelectric, Tidal Energy, Wave Energy, Ocean Thermal, Fuel Cells using Renewable Fuels, Microturbines
- 30% tax credit on qualified basis
- 50% basis reduction in the property
- Accelerated five-year life
- Credit can offset AMT

## SUMMARY OF ITC

- ITC of 30% extended to projects that begin construction by December 31, 2019
- Projects that start construction 2020 and 2021
  - Will receive 26% and 22% ITC respectively
  - All projects must be completed by 2024 to obtain elevated ITC rates
  - The new law provides a change from placed in service deadline to beginning construction deadline, which is considered a favorable modification for those claiming the credit
- Safe Harbor

## BUSINESS ENERGY INVESTMENT TAX CREDIT – SECTION 48

### Summary

*Note: The Consolidated Appropriations Act, signed in December 2015, included several amendments to this credit which apply to solar technologies and PTC-eligible technologies. Notably, the expiration date for these technologies was extended, with a gradual step down of the credits between 2019 and 2022.*

The federal Business Energy Investment Tax Credit (ITC) has been amended a number of times, most recently in December 2015. The table below shows the value of the investment tax credit for each technology by year. The expiration date for solar technologies and wind is based on when construction begins. For all other technologies, the expiration date is based on when the system is placed in service (fully installed and being used for its intended purpose).

Technology	12/31/16	12/31/17	12/31/18	12/31/19	12/31/20	12/31/21	12/31/22	Future Years
PV, Solar Water Heating, Solar Space Heating/Cooling, Solar Process Heat	30%	30%	30%	30%	26%	22%	10%	10%
Hybrid Solar Lighting, Fuel Cells, Small Wind	30%	N/A						
Geothermal Heat Pumps, Microturbines, Combine Heat and Power Systems	10%	N/A						
Geothermal Electric	10%	10%	10%	10%	10%	10%	10%	10%
Large Wind	30%	24%	18%	12%	N/A	N/A	N/A	N/A

## PASSIVE VS. ACTIVE

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- Passive issues (Passive Credits must have Passive Income)
- Must materially participate to be active (for individuals)
  - *C Corps – this does not apply*
  - *Grouping can be an option*
- Limits losses and credits through the Passive Activity Loss (PAL)
  - PAL can be offset against other Passive Income
  - Losses can be carried forward
  - Credits can be carried forward (carried back 1 year, carried forward 20 years) – Must carryback

## PASSIVE TEST

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The taxpayer participates in the activity for more than 500 hours during the year,

The taxpayer's participation in the activity constitutes substantially all of the participation by all individuals (including non-owners) in the activity for the year,

The taxpayers' participation is more than 100 hours during the year, and no other individual (including non-owners) participates more hours than the taxpayer,

The activity is a significant participation activity in which the taxpayer participates for more than 100 hours during the year and the taxpayer's annual participation in all significant participation activities is more than 500 hours,

The taxpayer materially participated in the activity for any five years (whether or not consecutive) during the 10 immediately preceding tax years,

For a personal service activity, the taxpayer materially participated for any three tax years (whether or not consecutive) preceding the current tax year, or

Based on all the facts and circumstances, the taxpayer participates on regular, continuous, and substantial basis during the year.

## DEPRECIATION

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- Bonus Depreciation allows 100% first-year bonus depreciation through December 31, 2022. Then 20% annual phase out until expiration end of 2026.
- Example depreciated over 5 year life under accelerated depreciation
- Accelerated Depreciation

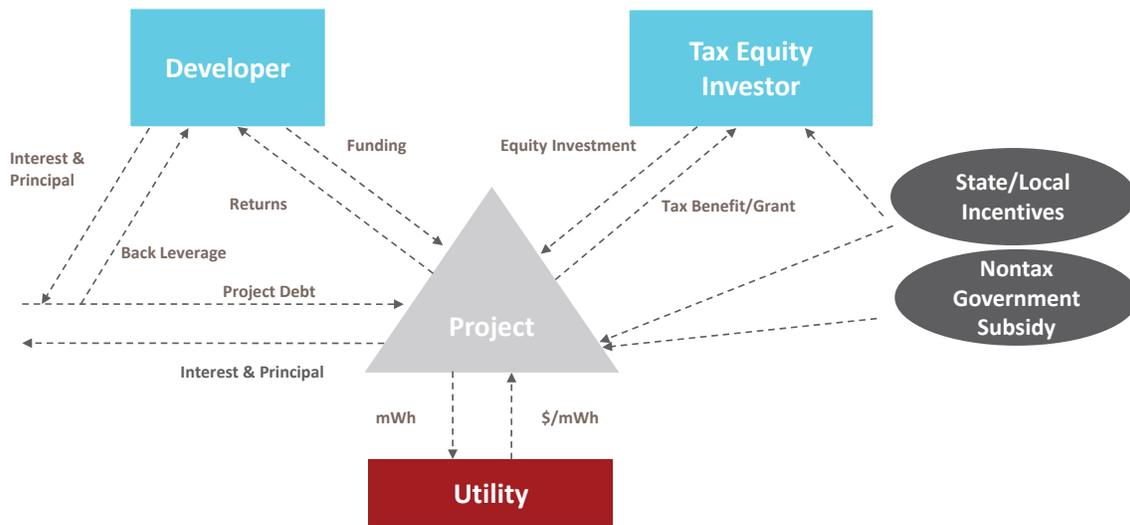
Cost	100,000.00
Year 1 Depreciation	20,000.00
Year 2 Depreciation	32,000.00
Year 3 Depreciation	19,200.00
Year 4 Depreciation	11,520.00
Year 5 Depreciation	11,520.00
Year 6 Depreciation	5,760.00

## STRUCTURING OPTIONS FOR ITC MONETIZATION – TAX EQUITY

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- Limitation on credit for those who have losses
- Hard to find
- Some deals are “too small”
- Passive issues
- At Risk Rules
  - Recourse debt (at least 80%)
- Tax Structure
  - Partnership flip
  - Sale - leaseback

## EQUITY FLIP PARTNERSHIP



This structure provides the tax investor with special allocations of the credits and depreciation in order to provide a return on their investment, although they will bear some amount of operations risk during the early years, while the developer is able to monetize the tax benefits that could not be utilized and bears the operating risk throughout the investment.

Note: Federal income tax rules must be followed for the structure and allocations to be respected; this structure may not work for tax-exempt investors.



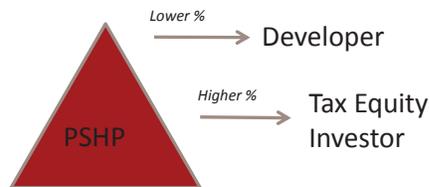
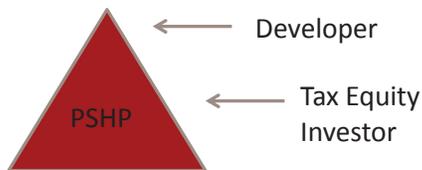
## EQUITY FLIP PARTNERSHIP (CONT.)

### FORMATION:

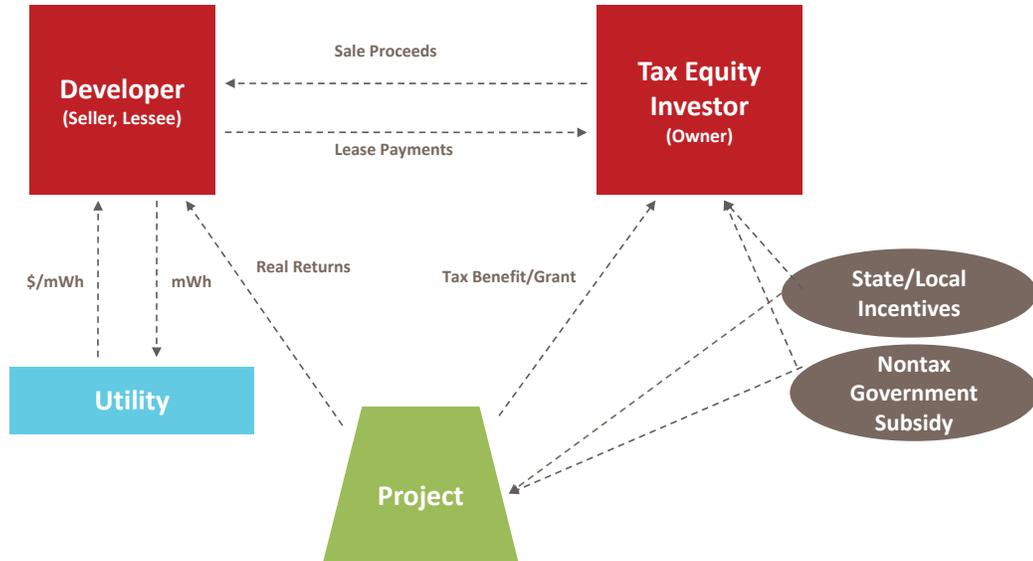
- The Tax Equity Investor's contribution is derived based on anticipated return:
  - Cash
  - Tax Credits
  - SALT Incentives
  - Depreciation Deductions

### YEAR 1:

- Tax Equity Investor receives a substantial percentage of:
  - Cash
  - Tax Credits
  - SALT Incentives
  - Depreciation Deductions



## SALE LEASEBACK (ITC ONLY)



In this structure, the tax investor is the owner/lessor and, as such, is entitled to the credits and depreciation. The tax investor further benefits by being able to mitigate operations risk through locking in purchase price and stream of rental payments. The developer is able to receive up-front proceeds from the sale of property, while transferring full ownership of the property. This transaction must occur within 90 days of the original placed-in-service date.

Note: A PPA should be examined for sale of electricity to a third party to mitigate potential price shifts.

\*Recapture potential of credit if developer buys back the property in a certain time period.



## SALE LEASEBACK (CONT.)

- The developer sells eligible equipment to Tax Equity Investor at retail.
- Tax Equity Investor subsequently leases back to developer
- Tax Equity Investor benefits by reaping tax credits, SALT incentives, depreciation deductions, and payments
- Tax Equity Investor:
  - Responsible for all capital infusion
  - Calculates lease payments to achieve return
- Developer: responsible for maintenance on equipment
- Developer sells energy to utility
- Payments are mandatory regardless of profitability or revenue streams
- Buy out option usually exists at conclusion of lease



## SUMMARY OF TWO INVESTMENT OPTIONS

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- Choice of transaction depends on Investor's capital, liquidity, need for return:
  - The "flip" affords investor more flexibility
  - Leaseback does not require substantial initial capital infusion

### Leaseback:

- If the equipment operates effectively early, more revenue is generated.
- If it under performs, less revenue materializes.

### "Flip":

- If the equipment operates effectively early, "flip" occurs earlier.
- If equipment performance is lacking, "flip" is delayed.

## STATE TAX INCENTIVES

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<http://www.dsireusa.org/>  
(Database of State Incentives for  
Renewable Energy)



# perspective GAINED

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## GAIN SUSTAINABILITY

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### BUILD A BETTER BOTTOM LINE.

Contact us today to learn more about how we can help you improve your cash flow and profitability.



Justin Morren, CPA, Tax Manager  
jmorren@berrydunn.com  
207.991.5137

### Renewable energy

#### A collaborative approach, from solar to biomass

Renewable energy producers and businesses face many unique challenges. Our experienced team of tax and advisory professionals provides strategies and long-term plans that help businesses seeking energy-efficiency initiatives.

Our renewable energy team partners with clients at every stage, offering tax advisory, financial, and accounting services for cleantech companies involved in solar, wind, biomass, waste-to-energy, and energy-efficiency projects.

#### Flexible accounting and tax solutions for growing entities

BerryDunn can serve as your primary accounting firm or augment your existing financial staff with our renewable energy tax and financial management expertise. Our personal approach, practical advice, and reasonable fee structures allow companies in every stage of the business lifecycle, from start-up to IPO. We can help you with:

- Financial modeling
- Deal structuring
- Tax credits, investment tax credit (ITC), and production tax credit
- 1603 Grant Program
- Strategic financial and tax planning
- Software selection and services

## **BERRYDUNN'S AREAS OF EXPERTISE INCLUDE:**

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**Assurance**

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**Employee benefit audits**

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**Financial statement audits**

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**Review and compilations**

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**Credits and incentives**

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**State and local tax**

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**Consulting**

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**Business advisory**

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**Mergers and acquisitions**

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**Outsourced accounting**

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**Succession planning**

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**Business Valuation**

## **GAIN A COMPETITIVE EDGE**

Expert assurance, consulting, tax planning, and reporting are at the core of the services we provide. Our goal is to share ideas and ways to implement them to help you be more competitive and successful.

## **GAIN PERSPECTIVE**

Stay ahead with the best analysis of emerging issues, and get the information and direction you need to formulate strategies, manage limited resources, and respond to change. In addition to personal contact throughout the year on issues affecting your organization directly, we provide timely information through a number of channels:

### **Newsletters and Blog**

Our Insights newsletter arrives quarterly on client desktops while our blog BerryDunn Briefings, is updated weekly.

### **Email Alerts**

Hot issues and new developments addressed concisely and clearly when we know your attention is required.

### **Insights and Education**

New developments and other relevant information shared at Board meetings, in writing, and in presentations tailored for you.

### **Programs**

Focused programming to optimize your time and share insight and ideas where and when it's needed.

### **Conferences**

BerryDunn is at the podium or on panels locally, regionally, and nationally.

# MEREDA CREATES NEW STANDING COMMITTEE

## Local Issues Committee

MEREDA's mission is to promote an environment for responsible development and ownership of real estate throughout the state.

In furtherance of that mission, **MEREDA is introducing a new standing committee to monitor and timely engage on local land use and development matters.** Local activism and the use of municipal ordinance referenda is on the rise, and as the state's premiere development advocacy organization, MEREDA believes it is appropriate for a committee to monitor and address these issues.

The Local Issues Committee will have a two-fold mission: to develop and deploy a proactive educational initiative designed to inform developers across Maine in best practices and tools to minimize local resistance to a real estate development project; and to react to issues that rise to a level of concern that warrant the engagement of MEREDA or its members to influence the outcome of such an issue in a manner that is favorable to MEREDA and its members.

**MEREDA is looking for interested members to join the Committee.** If you've ever been frustrated about a local land use decision, struggled to overcome NIMBY'ism, or are generally interested in the myriad issues happening in development at the local level, please consider joining the Committee.

The Committee will meet up to six times per year, making it a low to moderate time commitment. As a member of the Committee, you will help guide MEREDA's engagement in local matters by monitoring key issues and setting criteria for MEREDA's engagement on matters of particular import to MEREDA's mission.

In addition, committee members will have the opportunity to weigh in on the deployment of a tool kit for use by developers to help them overcome local opposition and ensure a successful outcome for their projects.

**We encourage anyone who is interested to reach out to Shelly R. Clark, Vice President of Operations at MEREDA by calling 207-874-0801 or sending an email to [info@mereda.org](mailto:info@mereda.org).**





## *Our Members are Invested in What we Do*

MEREDA's strength has always come from the support and participation of its valued members. Their generous support is critical to continuing MEREDA's advocacy work, educational programming, and other services that are so vital to those in Maine's real estate industry.

Thanks to their generosity, we have become the leading voice for responsible real estate development in Maine, representing hundreds of commercial real estate owners, developers and related businesses, from architects and engineers to property managers.

*We are pleased to give special recognition to our Cornerstone and Sustainer Level Members. If you are interested in learning more about these levels of membership, please contact the MEREDA office.*

### *Cornerstone Level Members:*



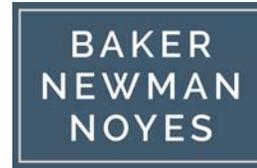
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# Our Members are Invested in What we Do

## Sustainer Level Members:



# MEREDA's Upcoming Events

**October 17, 2019 - 5:00 - 7:00 PM**

**MEREDA's Annual Fall Networking Social**

Another great "meet-and-greet" opportunity, this time on Portland's Waterfront. This must-attend event sells out every year, so sign up early!

Hilton Garden Inn, Portland Downtown Waterfront  
65 Commercial Street  
Portland, ME



**October 29, 2019 - 7:30 - 9:00 AM**

**Bangor Area Breakfast Seminar**

**Solar in Maine:** What you need to know about investing in solar in Maine

Hollywood Casino Bangor  
500 Main Street  
Bangor, ME



**November 14, 2019 - 7:30 - 9:00 AM**

**Portland Area Breakfast Seminar**

Developing in Maine for Nearly Two Centuries

Clarion Hotel  
1230 Congress Street  
Portland, ME



**November 21, 2019 - 7:30 - 9:00 AM**

**York County-Area Breakfast Seminar**

**Opportunity Zones:** What you Need to Know to Take Advantage of this Opportunity in Real Estate & Beyond

Pepperell Mill Campus  
40 Main Street  
Biddeford, ME



**December 12, 2019 - 7:30 - 9:00 AM**

**Portland Area Breakfast Seminar**

Topic to be Determined

Portland Regency Hotel  
20 Milk Street  
Portland, ME



**MEREDA**  
Maine Real Estate &  
Development Association

**Supporting Responsible Development**

**January 16, 2020 - 9:00 AM - 5:00 PM - MEREDA's Signature Event**

**2020 Annual Real Estate Forecast Conference & Member Showcase**

Holiday Inn By the Bay, 88 Spring Street, Portland, ME



Along with the annual economic overview and outlook on Maine's economy, the conference also provides the popular market overview by property type focusing on both commercial and residential forecasts.

MEREDA's Member Showcase provides an excellent opportunity for exhibitors to network and market their products and services.

Dates Subject to Change - Please visit [www.mereda.org](http://www.mereda.org) for the latest updates.

## MEREDA Mission Statement

*The Maine Real Estate & Development Association (MEREDA) is an organization whose mission is to promote an environment for responsible development and ownership of real estate throughout the State.*

### MEREDA'S GUIDING PRINCIPLE:

*Practicality, Predictability, and Clarity in Regulation*

### Invest Wisely.

#### MEREDA's Membership Returns:

Advocacy for Responsible Real Estate Development

Legislative Representation | Regulatory Monitoring

Business Networking Opportunities

Publications | Seminars & Conferences

Reap <sup>the</sup> Dividends.



Maine Real Estate &  
Development Association

Supporting Responsible Development

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@MEREDA2 | #MEREDA2019 [www.fb.com/MEREDA2](http://www.fb.com/MEREDA2)

### MEREDA OFFICERS:

Gary Vogel  
*President*

Shelly R. Clark  
*Vice President of Operations /  
Board Secretary*

Josh Fifield  
*Vice President*

Bruce Jones  
*Vice President*

Mark Stasium  
*Treasurer*

William Shanahan  
*Assistant Treasurer*

*"Thank-you" to our panelists and sponsors for their generous contributions.*



CITY OF BANGOR

