Craft3 Future Energy Fund

Central Washington Biomass Energy Workshop

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Craft3
Craft3

- Community Development Financial Institution (CDFI) founded in 1994
- Invests in businesses, non-profits, and individuals that cannot access traditional financing
- Mission focused on three bottom lines
Craft3 Future Energy Loan Products

- Loans $200,000 - $5 million
- Flexible underwriting regarding term, security and payment schedule

**Commercial and Industrial Energy Efficiency**
- Loans direct to businesses for EE real estate improvements
- Loans to EE project developers entering into energy service contracts

**Community-scale Renewable Energy**
- Pre-development loans
- Construction loans to heat and/or electricity projects
- Mini-perm post-construction loans

**Future Energy Manufacturing**
- Construction and/or working capital loans for component manufacturing
- Construction and/or working capital loans for processes involving recycled materials
Pre-Development Finance: OneEnergy Renewables

- Craft3 provided pre-development project financing for two utility scale solar projects in Washington State
- Craft3 took on shared risk to help push projects toward construction
- Borrower had strong management team and robust risk management system for project development
Construction & Permanent Finance: Outlaw Energy

• Craft3 provided equipment and construction financing for small scale biomass boiler at Sisters High School

• Borrower was private developer with heat sales contract with High School

• New business line, but strong management team
Construction Finance
Integrated Biomass Resources

• Craft3 provided construction financing to expand biomass campus

• Existing customers provided support for cash flow projections

• Long-term financing came from traditional lender and State New Market Tax Credits
What Lenders Care About-Private Developer Model

- **Repayment Capacity-Cash Flow**: Projected cash flow needs to be 1.2X yearly debt payments.

- **Collateral**: Challenging, but modular units that can be resold providing some protection to the lender.

- **Debt/Equity**: Lenders want to ensure developers have tangible skin in the game.

- **Technology/Construction Risk**: Has the technology been proven and does it match the fuel supply. Experienced developer/contractor is a must.
Project Finance Modeling: Small Scale Pellet Boiler

![Graph showing simple payback and minimum equity investment (DSR>1.2) vs. fuel oil prices.](image-url)
Learn more about Craft3

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