



Clean Renewable Energy Bonds - Taking The Next Steps

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- ➔ Legislative History & Guidance
- ➔ Threshold Items
- ➔ Allocations & Transactions
- ➔ Issuing the CREB & Lessons Learned
- ➔ Questions and Contact Information

- 2005 Energy Policy Act created Clean Renewable Energy Bonds (CREBs)
- CREBs are tax-credit bonds to finance certain section 45 projects, including LFGTE projects
- Initial allocation was \$800 MM

- 2006 Tax Relief and Health Care Act
 - Increased allocation to \$1.2 BN
 - No more than \$750 MM allocable to governmental borrowers
 - 12/31/08 issuance deadline
- Proposed extensions of CREBs have not passed; more expected

IRS Notice 2006-7

- Announces expected guidance
- Many tax-exempt bond rules apply
- More project costs, issuers and borrowers permitted than apparent from the statute

IRS Notice 2007-26

- Supercedes Notice 2005-98
- Contains interim guidance
- Arbitrage and more arbitrage
- Small issuer exception applies
- 5% limitation on reserve funds
- Acquisition limitations

- Qualified borrower ownership rule
- 95% spent on qualified project by qualified borrower
- Issued by a qualified issuer
- Level amortization required
- Tax credit is included in gross income

- Returned first round allocations re-allocated in the second round
- Second round allocations have been awarded but not publicly announced
- Smallest-to-largest methodology pains
- More turn-ins and reallocations?

Common Themes

- Closings pushed to start of year
- Private placements & reimbursement
- Setting the date for the rate
- Need for pooling
- Interest & marketability

- Assembling a financing team
- Creditworthiness & repayment
- Dealing with changes since application or award
- Reimbursement resolutions for future projects

→ Questions?

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