



George K. Baum & Company

INVESTMENT BANKERS SINCE 1928

Financing Alternatives for Fuel Cell Projects

Presentation to State & Regional
Hydrogen and Fuel Cell Conference Call

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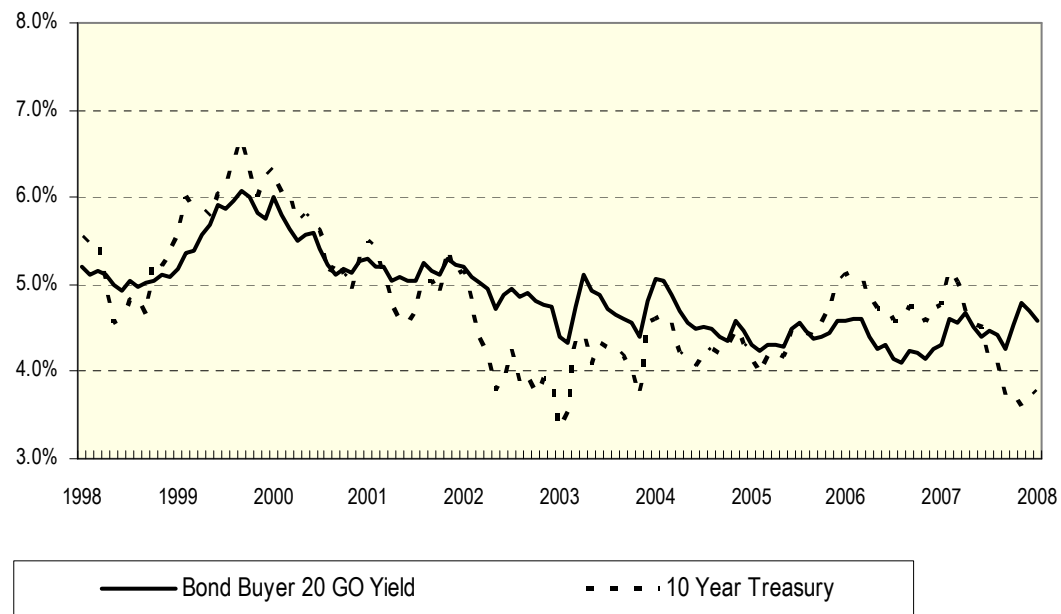
Tax Exempt Bond Financing Requirements for Fuel Cells

- Qualified borrowers of tax exempt bonds include governmental entities and 501(c)3 organizations, not private entities
- Typical amortization is 15-20 years to match asset life
- Secured by the credit of the local governmental entity, e.g. school district, College, hospital, local government either in direct ownership or via lease 501 (c)3 organization
- Borrower benefits from low tax-exempt interest rates but cannot use ITC or MACRS
- In order to make use of the ITC and MACRS depreciation benefits, deals can be structured with 99% private ownership & taxable debt for the first five years, after which the ownership can be flipped and tax-exempt can be issued for remaining principal amount
- State Rebate programs, e.g. California and Connecticut, critical to Capital cost write down



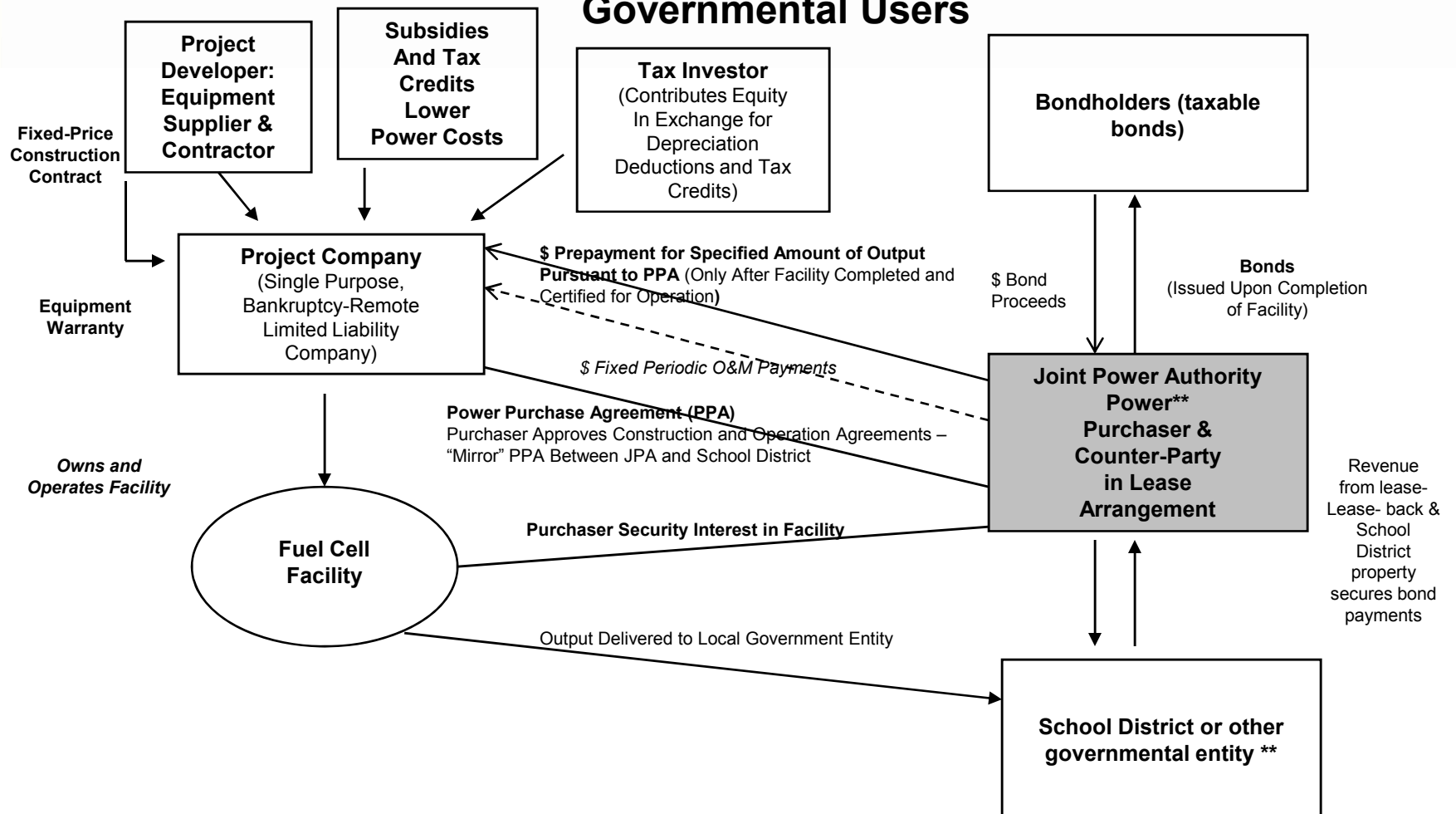
Taxable and Tax Exempt Bond Interest Rate History

**10-Year Bond Buyer 20-Bond G.O. Index vs. 10-Year Treasury
May 1998 - May 15, 2008**





Hybrid Financing Structure For Fuel Cell Projects* with Pool of Governmental Users



* This hybrid financing structure and benefit slide based upon slides by Orrick Harrington

** Some Cities/Districts may determine for a variety of reasons to enter into the PPA directly with Project Company. The JPA would still function in the lease-lease-back of fuel cell property in order to secure bonds to finance the prepayment.



Overview of Benefits to Governmental Unit

- NO DEVELOPMENT OR CONSTRUCTION RISK
 - *Prepayment Only Upon Completion*
- REDUCED EQUIPMENT RISK
 - *Manufacturer Warranty for Life of Power Purchase Agreement (“PPA”)*
- LOW POWER COSTS
 - *No Long-Term Bank Debt Financing*
 - *Energy Tax Credits*
 - *Facility Depreciation*
- REDUCED RESOURCE RISK
 - *PPA Automatically Extends Until Contracted Power Delivered*
- NO CASUALTY RISK
 - *Insurance Covers Losses*



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LEE WHITE is an Executive Vice President and Manager for George K. Baum & Company at its Denver Public Finance Headquarters. He has been in the investment banking business for more than 20 years and is responsible for underwriting over \$6 billion of municipal bonds. Mr. White has assisted numerous state and local governments and private corporations finance their infrastructure needs.

He came to investment banking with extensive cabinet level experience in state government. He was Executive Director of the Colorado Department of Administration in 1979-80 and then Executive Director of the Colorado Office of State Planning and Budget in 1981-82.

Mr. White participates in numerous professional and civic organizations. He was appointed by Governor Ritter to the Colorado Clean Energy Authority. He has served as a Trustee of the Colorado Historical Society, the Greater Denver Corporation and is a member of the Colorado Forum and the Mile High Club. He was elected to the Denver Board of Education in 1996 and served for four years.

Public Power and Renewable Energy:

Mr. White has served as the lead banker on a number of major utility and renewable financings. He is actively working on financing a wind and renewable energy projects that includes use of Clean Renewable Energy Bonds and passive tax equity renewable investments. Such renewable and electric utility issues in which he has been involved in recent years include:

- \$5 million Fargo, ND Clean Renewable Energy Bonds
- \$4 million California Fuel Cell Methane Gas Biofuels LLC Project (pending)
- \$ 3 million Town of Chester Wind Project (pending)
- \$60 million Nebraska Public Power District 30 MW Wind Farm
- \$40 million Colorado College Consortium Wind Project
- \$16 million Cheyenne Light Fuel and Power Transmission Financing
- \$90 million Wyoming Municipal Power Agency
- \$324 million City of Colorado Springs Utility Revenue Bonds
- \$79.5 million Pollution Control Revenue Refunding Public Service of Colorado

EDUCATION

Mr. White received a Masters of Business Administration from Harvard Business School, a Masters of City Planning from the Massachusetts Institute of Technology and a Bachelor of Science in Mechanical Engineering from Rensselaer Polytechnic Institute.