

## TABLE OF CONTENTS

	Project Financing Basics	2
•	Debt Facilities	6
•	Debt Documentation	8
•	Top 10 Construction Loan Provisions	.14
•	Appendix 1: Standard CP's to Closing	.26
•	Appendix 2: Credit Agreement Negotiations, Pitfalls and Collateral Release	30



1

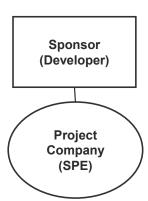
## **Project Financing Basics**



2

## The Basics: What is Project Financing?

- Technique for financing capital-intensive projects that are either difficult to support on a Developer's corporate balance sheet or are more attractive when financed separately
- Sponsor (the Developer) creates subsidiary Special Purpose Entity ("SPE") to hold the project's assets





3

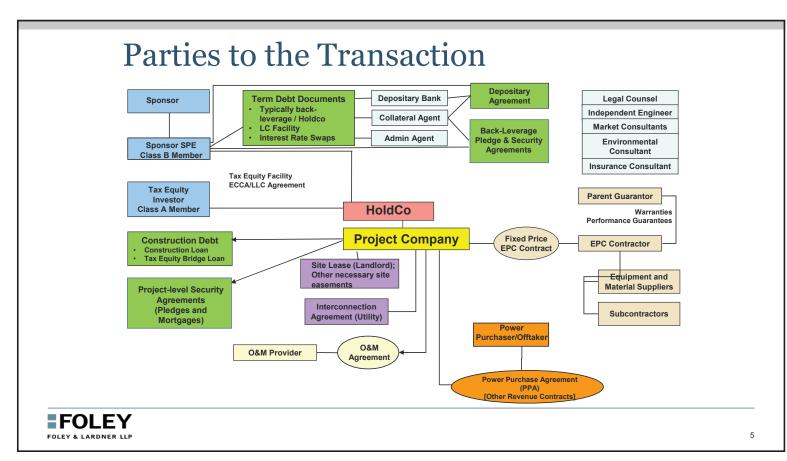
## The Basics: What is Project Financing?

- Equity in SPE comes from Sponsor and outside parties
- "Tax Equity" investor provides additional equity funding subject to requirements of tax equity documentation
- Debt is provided to SPE based on the economic viability of the project and the strength of project contracts
- Risks borne by project parties / counterparties key credit
- Recourse limited to SPE's assets and cash flow (not to Sponsor)



----

4





Find the full text of this and thousands of other resources from leading experts in dozens of legal practice areas in the <u>UT Law CLE eLibrary (utcle.org/elibrary)</u>

Title search: Top 10 Construction Loan Provisions

Also available as part of the eCourse

<u>Top 10 Construction Loan Provisions for Renewable Energy Projects</u>

First appeared as part of the conference materials for the  $18^{\text{th}}$  Annual Renewable Energy Law Institute session "Top 10 Construction Loan Provisions"