

Main

Green cells are user inputs. Blue cells are model outputs. Other cells are fixed or are intermediate calculations.

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Output Summary				
Tax Equity IRR @ flip	9.0%	Sponsor IRR @ year 20	9.0%	Unlevered and after tax except as noted.
@ year 20	11.0%	Combined IRR @ year 20	9.3%	
Tax Equity IRR:		Sponsor NPV:		NPV and FMV calcs at 8% discount rate. (Sponsor's cost of project capital.)
20-year cash only, pre-tax, w/o buyout	-8.2%	Per system (\$)	990	
as above, but with ITC benefit (substantial economic effect test -- should be >2%)	4.2%	Per Watt (\$)	0.16	
Tax Equity maximum DRO (\$)	-	Combined NPV:		
as % of Tax Equity investment	-	Per system (\$)	1,495	
		Per Watt (\$)	0.25	
Model error status:	No known errors	Income Method FMV (\$ / Watt)	4.75	

General Assumptions and Fund Structure

Partnership formation date	1-Jan-2014	When capital is first contributed.
Date last system placed in service	30-Jun-2014	Must be on or after partnership formation date and in the same year.
First day of first tax year	1-Jan-2014	
Average PIS date	1-Apr-2014	PIS = placed in service.
Last day of first tax year	31-Dec-2014	Assumes tax year = calendar year.
Tax Equity target IRR at flip	9.0%	The after-tax IRR required to get Tax Equity into the deal. Goal seek macro (ctrl-g) changes TE share of total funding to get TE target IRR.
Sponsor's cost of capital for projects (discount rate)	8.0%	Used to determine Sponsor NPV and income method FMV.
Flip year (5-20)	6	
Flip date	31-Dec-2019	
Buyout at flip?	No	If yes, Sponsor buys out Tax Equity immediately after the flip.
Discount rate to value buyout	10.0%	
Buyout price (\$)	-	The pre-tax cash flow T.E. would receive without buyout, discounted at the above rate.
Max. voluntary TE deficit restoration obligation (%)	-	Percent of Tax Equity financing. May allow more loss reallocation to Sponsor. Tax Equity may also have natural DRO if loss reallocation is limited (likely if there are a lot of PPAs).
Max. voluntary DRO (\$)	-	
Depreciation method for systems (ADS or MACRS)	MACRS	MACRS (5-year) most likely best, but ADS (12-year) may result in reduced reallocation of losses.
Distribution consideration	Draw	If "Draw" outside basis calculations assume all cash distributed on the last day of each year.

Fund syndication costs (\$)	700,000	Costs of marketing and negotiating interests in the partnership. Capitalized but not amortized.
Fund organization costs (\$)	30,000	Costs to create partnership entity. Some (up to \$5k) expensed, remainder amortized over 15 years.
Sponsor tax rate	40%	
Tax Equity tax rate	35%	Most TE investors calculate their returns for this purpose using only the federal tax rate.
Is Sponsor self-sheltering?	No	If no, Sponsor's share of ITC and losses carried forward until it can apply them to income from the project.

Partnership Allocations

	<u>Initial</u>	<u>Intermediate</u>	<u>Year 6 to Flip</u>	<u>Post-Flip</u>	
Quarter intermediate allocation becomes effective (5-23)		5			
Preferred return to Tax Equity	-	-	-	-	Should be zero for yield-based flips.
Sponsor share of P&L items:					
Prepayments	100%	100%	100%	95%	The model will override the post-flip P&L allocation set here if necessary to cure any T.E. capital account deficit as quickly as possible.
Rebates and incentives	100%	100%	100%	95%	
RECs	100%	100%	100%	95%	
Remaining P&L	1%	1%	1%	95%	
Sponsor share of ITC	1%	1%	1%	95%	Follows allocation of P&L.
Sponsor share of cash from:					
Prepayments	100%	100%	100%	95%	
Rebates and incentives	100%	100%	100%	95%	
RECs	100%	100%	100%	95%	
Remaining cash	40%	40%	40%	95%	
Tax Equity share of P&L items:					
Prepayments	-	-	-	5%	Decreasing TE's share of P&L before the end of year 5 to less than 2/3rds of what it was in the first year will cause ITC recapture (the result of which is not calculated in this model). See Treasury Regulation §1.47-6(a)(2).
Rebates and incentives	-	-	-	5%	
RECs	-	-	-	5%	
Remaining P&L	99%	99%	99%	5%	
Tax Equity share of ITC	99%	99%	99%	5%	
Tax Equity share of cash from:					
Prepayments	-	-	-	5%	
Rebates and incentives	-	-	-	5%	
RECs	-	-	-	5%	
Remaining cash	60%	60%	60%	5%	

System Characteristics

(Average) system size (kW DC)	6.1	
Number of systems	2,600	
kW DC installed	15,860	
System productivity in 1st year (KWh AC / kW DC)	1,450	Incorporates insolation, inverter efficiency, system losses, shading, downtime, etc.
Annual degradation	0.50%	
Salvage value (% of initial cost)	20%	Value of system at end of model period, net of disposal costs (if any)

Incentives

ITC	30%	
Bonus depreciation (0% or 50%)	-	Can take 50% in 2013, but many funds do not use this if it would trigger reallocation of losses.
Rebate / grant (\$ / Watt)	-	
Max. rebate amount, if any (\$)	-	The maximum rebate or grant dollars for each system (0 = no limit).
Max. rebate system size, if any (kW)	-	The maximum number of kW eligible for rebate or grant (0 = no maximum size).
PBI (\$ / kWh)	-	
Years systems get PBI	10	
REC modeling method (Forecasted or Simple)	Simple	If Forecasted, model uses year-by-year forecast entered on REC tab and ignores the numbers just below. If Simple, model escalates a starting value at a fixed rate for a certain number of years (see below).
RECs price for simple method (\$ / MWh)	-	Year 1 REC price (used only when using Simple REC method)
Years systems produce RECs	20	
REC escalator	3.00%	
Does rebate reduce basis for calculating pref?	Yes	If yes, basis for calculating pref is TE investment less any rebate received in that period.

Capital Costs and Contributions

Average customer pre-payment (\$)	-	
Pre-payment / Watt (\$)	-	
Total prepayments (\$)	-	
Price from Dealer (\$ / Watt)	3.75	What the fund pays to buy the assets from a third party dealer.
Developer fee (% of price from dealer)	20%	The fund pays this to the Sponsor.
Transaction cost (% of price from dealer)	-	Excluded from Sponsor IRR. Might be 3rd party fee or Sponsor's own expenses to secure developer fee.
Fair Market Value (\$ / Watt)	4.50	
Total cost / total financing needed (\$)	71,370,000	
Tax Equity share of total financing	49.3%	
Sponsor share of total financing	50.7%	
Tax Equity financing (\$)	35,207,753	
Sponsor financing (\$)	36,162,247	

% of total cost eligible for ITC	100%	Certain expenses, such as land and transmission upgrades, are not eligible.
ITC basis (\$ / Watt)	4.50	
ITC basis (\$)	71,370,000	
ITC amount (\$)	21,411,000	
Tax Equity financing / \$ of ITC	1.64	
Year when inverters need to be replaced	10	Enter value >20 if do not want to model inverter replacement.
Cost of inverter(s), year 1 (\$ / Watt DC)	0.30	Used to determine the cost of inverters when they are replaced.
Annual price change of inverters	-5%	
Inverter replacement cost in model (\$)	2,998,727	

Operating Expenses

All first four columns below are additive. Different ways of building up opex (e.g. \$/kW vs. \$/kWh vs. \$/system) are provided because people vary in how they prefer to model it. Whichever ones you enter, the model will calculate the correct \$ in each financial period.

Sponsor profit % is the share of these fund expenses that get paid to the Sponsor and that flow through to its bottom line.

	<u>\$/ kW / Year</u>	<u>\$/ kWh</u>	<u>\$/ System / Year</u>	<u>\$/ Year</u>	<u>Sponsor profit %</u>
Operations & maintenance	25.00	-	-	-	30%
Billing & collection	-	-	-	-	-
Site lease(s)	-	-	-	-	-
Fund management	-	-	-	-	-
Insurance	-	-	-	-	-
Other	-	-	-	-	-
Opex escalator (% annually)	2.5%	For all opex expenses except insurance.			
Insurance escalator (% annually)	-				

Customer Revenue

Share of contracts that are leases	100%	
Share that are PPAs	-	
PPA price / kWh (\$)	0.1900	
Effective price / kWh in Year 1 for leases (\$ / kWh)	0.1900	
Lease price / kW (\$)	22.96	
Lease price / month (\$)	140.05	
Annual price escalator	2.5%	
Escalation at new fund year or customer anniversary?	Fund Year	If "New Fund Year" all prices go up at model year increases. Otherwise, prices go up at each customer's annual anniversary.
Bad debt, year 1	1.0%	Percent of electricity revenue in year 1
Bad debt escalator	-	Increase in percent of revenue attributed to bad debt each year.

Fund Analysis

Quarter Number:	0	1	2	3	4	5	6	7	8	9	10
Year Number:	0	1	1	1	1	2	2	2	2	3	3
Period End:	<u>1-Jan-2014</u>	<u>31-Mar-2014</u>	<u>30-Jun-2014</u>	<u>30-Sep-2014</u>	<u>31-Dec-2014</u>	<u>31-Mar-2015</u>	<u>30-Jun-2015</u>	<u>30-Sep-2015</u>	<u>31-Dec-2015</u>	<u>31-Mar-2016</u>	<u>30-Jun-2016</u>
FORMATION											
Fund Cash Flow, Net Operating Income, and EBITDA:											
Operating revenues - leases											
Payments	270,055	816,234	1,092,358	1,092,358	1,119,666	1,119,666	1,119,666	1,119,666	1,119,666	1,147,658	1,147,658
RECs	-	-	-	-	-	-	-	-	-	-	-
PBIs	-	-	-	-	-	-	-	-	-	-	-
Operating revenues - PPAs											
Payments	-	-	-	-	-	-	-	-	-	-	-
RECs	-	-	-	-	-	-	-	-	-	-	-
PBIs	-	-	-	-	-	-	-	-	-	-	-
Total operating revenues	270,055	816,234	1,092,358	1,092,358	1,119,666	1,119,666	1,119,666	1,119,666	1,119,666	1,147,658	1,147,658
Less: Bad Debt	(2,701)	(8,162)	(10,924)	(10,924)	(11,197)	(11,197)	(11,197)	(11,197)	(11,197)	(11,477)	(11,477)
Prepayments	-	-	-	-	-	-	-	-	-	-	-
State rebates and incentives	-	-	-	-	-	-	-	-	-	-	-
Net salvage value / removal cost	-	-	-	-	-	-	-	-	-	-	-
Total revenue	267,354	808,071	1,081,434	1,081,434	1,108,470	1,108,470	1,108,470	1,108,470	1,108,470	1,136,182	1,136,182
Operating expenses:											
Operations & maintenance	24,506	74,068	99,125	99,125	101,603	101,603	101,603	101,603	101,603	104,143	104,143
Billing & collection	-	-	-	-	-	-	-	-	-	-	-
Site lease(s)	-	-	-	-	-	-	-	-	-	-	-
Fund management	-	-	-	-	-	-	-	-	-	-	-
Insurance	-	-	-	-	-	-	-	-	-	-	-
Fund organization costs not amortized	5,000	-	-	-	-	-	-	-	-	-	-
Other operating expenses	-	-	-	-	-	-	-	-	-	-	-
Total operating expense	29,506	74,068	99,125	99,125	101,603	101,603	101,603	101,603	101,603	104,143	104,143
Operating Cash Flow / Net Operating Income	237,849	734,003	982,309	982,309	1,006,867	1,006,867	1,006,867	1,006,867	1,006,867	1,032,038	1,032,038
Opex % of electricity revenue	11%	9%	9%	9%	9%	9%	9%	9%	9%	9%	9%
Operating margin	89%	91%	91%	91%	91%	91%	91%	91%	91%	91%	91%

Quarter Number:	0	1	2	3	4	5	6	7	8	9	10
Year Number:	0	1	1	1	1	2	2	2	2	3	3
Period End:	<u>1-Jan-2014</u>	<u>31-Mar-2014</u>	<u>30-Jun-2014</u>	<u>30-Sep-2014</u>	<u>31-Dec-2014</u>	<u>31-Mar-2015</u>	<u>30-Jun-2015</u>	<u>30-Sep-2015</u>	<u>31-Dec-2015</u>	<u>31-Mar-2016</u>	<u>30-Jun-2016</u>

FORMATION

Net Income - Tax Basis

Operating Cash Flow / Net Operating Income		237,849	734,003	982,309	982,309	1,006,867	1,006,867	1,006,867	1,006,867	1,032,038	1,032,038
Depreciation - leases	-	3,033,225	3,033,225	3,033,225	3,033,225	4,853,160	4,853,160	4,853,160	4,853,160	2,911,896	2,911,896
Depreciation - PPAs	-	-	-	-	-	-	-	-	-	-	-
Amortization of fund organization costs not expensed		417	417	417	417	417	417	417	417	417	417
Amortization of asset created from §731 gain - leases		-	-	-	-	-	-	-	-	-	-
Amortization of asset created from §731 gain - PPAs		-	-	-	-	-	-	-	-	-	-
Net income (loss) - tax		(2,795,793)	(2,299,639)	(2,051,333)	(2,051,333)	(3,846,710)	(3,846,710)	(3,846,710)	(3,846,710)	(1,880,274)	(1,880,274)

Net Income - Book Basis

Operating Cash Flow / Net Operating Income		237,849	734,003	982,309	982,309	1,006,867	1,006,867	1,006,867	1,006,867	1,032,038	1,032,038
Depreciation - leases	-	3,033,225	3,033,225	3,033,225	3,033,225	4,853,160	4,853,160	4,853,160	4,853,160	2,911,896	2,911,896
Depreciation - PPAs	-	-	-	-	-	-	-	-	-	-	-
Amortization of fund organization costs not expensed		417	417	417	417	417	417	417	417	417	417
Amortization of asset created from §731 gain - leases		-	-	-	-	-	-	-	-	-	-
Amortization of asset created from §731 gain - PPAs		-	-	-	-	-	-	-	-	-	-
Net income (loss) - book		(2,795,793)	(2,299,639)	(2,051,333)	(2,051,333)	(3,846,710)	(3,846,710)	(3,846,710)	(3,846,710)	(1,880,274)	(1,880,274)

Quarter Number:	0	1	2	3	4	5	6	7	8	9	10
Year Number:	0	1	1	1	1	2	2	2	2	3	3
Period End:	<u>1-Jan-2014</u>	<u>31-Mar-2014</u>	<u>30-Jun-2014</u>	<u>30-Sep-2014</u>	<u>31-Dec-2014</u>	<u>31-Mar-2015</u>	<u>30-Jun-2015</u>	<u>30-Sep-2015</u>	<u>31-Dec-2015</u>	<u>31-Mar-2016</u>	<u>30-Jun-2016</u>

FORMATION

Sponsor Allocations

P&L - prepayments	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
P&L - rebates and incentives	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
P&L - RECs	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
P&L - remaining	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
ITC	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Cash - prepayments	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Cash - rebates and incentives	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Cash - RECs	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Cash - remaining	40.00%	40.00%	40.00%	40.00%	40.00%	40.00%	40.00%	40.00%	40.00%	40.00%	40.00%

Tax Equity Allocations

Preferred return	-	-	-	-	-	-	-	-	-	-	-
P&L - prepayments	-	-	-	-	-	-	-	-	-	-	-
P&L - rebates and incentives	-	-	-	-	-	-	-	-	-	-	-
P&L - RECs	-	-	-	-	-	-	-	-	-	-	-
P&L - remaining	99.00%	99.00%	99.00%	99.00%	99.00%	99.00%	99.00%	99.00%	99.00%	99.00%	99.00%
ITC	99.00%	99.00%	99.00%	99.00%	99.00%	99.00%	99.00%	99.00%	99.00%	99.00%	99.00%
Cash - prepayments	-	-	-	-	-	-	-	-	-	-	-

Cash - rebates and incentives	-	-	-	-	-	-	-	-	-	-	-
Cash - RECs	-	-	-	-	-	-	-	-	-	-	-
Cash - remaining	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%

Maximum loss reallocations

Sponsor part of P&L, before reallocations	-	(27,958)	(22,996)	(20,513)	(20,513)	(38,467)	(38,467)	(38,467)	(38,467)	(18,803)	(18,803)
Tax Equity part of P&L, before reallocations	-	(2,767,835)	(2,276,642)	(2,030,819)	(2,030,819)	(3,808,243)	(3,808,243)	(3,808,243)	(3,808,243)	(1,861,472)	(1,861,472)
Min. T.E. share of loss to prevent ITC recapture	99%	99%	99%	99%	99%	66%	66%	66%	66%	66%	66%
Max. T.E. loss, after reallocations, before lease adj.	-	(2,767,835)	(2,276,642)	(2,030,819)	(2,030,819)	(2,538,829)	(2,538,829)	(2,538,829)	(2,538,829)	(1,240,981)	(1,240,981)
Maximum T.E. reallocation of loss, before lease adj.	-	-	-	-	-	(1,269,414)	(1,269,414)	(1,269,414)	(1,269,414)	(620,491)	(620,491)
Maximum T.E. reallocation of loss due to leases (TE allocates all its lease depreciation to Sponsor and Sponsor allocates all its lease revenue to TE)	-	(3,005,593)	(3,011,055)	(3,013,816)	(3,013,816)	(4,815,825)	(4,815,825)	(4,815,825)	(4,815,825)	(2,894,254)	(2,894,254)
Maximum T.E. reallocation of loss	-	(3,005,593)	(3,011,055)	(3,013,816)	(3,013,816)	(4,815,825)	(4,815,825)	(4,815,825)	(4,815,825)	(2,894,254)	(2,894,254)

Quarter Number:	0	1	2	3	4	5	6	7	8	9	10
Year Number:	0	1	1	1	1	2	2	2	2	3	3
Period End:	<u>1-Jan-2014</u>	<u>31-Mar-2014</u>	<u>30-Jun-2014</u>	<u>30-Sep-2014</u>	<u>31-Dec-2014</u>	<u>31-Mar-2015</u>	<u>30-Jun-2015</u>	<u>30-Sep-2015</u>	<u>31-Dec-2015</u>	<u>31-Mar-2016</u>	<u>30-Jun-2016</u>

Cash available for distribution

Operating Cash Flow / Net Operating Income		237,849	734,003	982,309	982,309	1,006,867	1,006,867	1,006,867	1,006,867	1,032,038	1,032,038
Inverter replacement		-	-	-	-	-	-	-	-	-	-
Fund syndication		(700,000)	-	-	-	-	-	-	-	-	-
Fund organization costs not expensed		(25,000)	-	-	-	-	-	-	-	-	-
Cash flow available for distribution to partners		(487,151)	734,003	982,309	982,309	1,006,867	1,006,867	1,006,867	1,006,867	1,032,038	1,032,038
Preferred distribution		-	-	-	-	-	-	-	-	-	-
Cash from prepayments		-	-	-	-	-	-	-	-	-	-
Cash from state rebates and incentives		-	-	-	-	-	-	-	-	-	-
Cash from sale of RECs		-	-	-	-	-	-	-	-	-	-
Cash flow available for general distribution		(487,151)	734,003	982,309	982,309	1,006,867	1,006,867	1,006,867	1,006,867	1,032,038	1,032,038

Quarter Number:	0	1	2	3	4	5	6	7	8	9	10
Year Number:	0	1	1	1	1	2	2	2	2	3	3
Period End:	<u>1-Jan-2014</u>	<u>31-Mar-2014</u>	<u>30-Jun-2014</u>	<u>30-Sep-2014</u>	<u>31-Dec-2014</u>	<u>31-Mar-2015</u>	<u>30-Jun-2015</u>	<u>30-Sep-2015</u>	<u>31-Dec-2015</u>	<u>31-Mar-2016</u>	<u>30-Jun-2016</u>

FORMATION

Section 731 Gains (based on capital accounts and outside bases immediately before distributions)

Tax Equity Capital Account

Beginning Balance	-	35,207,753	27,491,866	19,416,719	16,796,514	14,176,310	9,763,947	5,351,584	939,221	-	-
Investment	35,207,753	-	-	-	-	-	-	-	-	-	-
ITC basis reduction	-	(5,240,342)	(5,358,103)	-	-	-	-	-	-	-	-
Preferred distribution	-	-	-	-	-	-	-	-	-	-	-
Cash distribution	-	292,291	(440,402)	(589,385)	(589,385)	(604,120)	(604,120)	(604,120)	(604,120)	(619,223)	(619,223)
Income (loss) before reallocations, book	-	(2,767,835)	(2,276,642)	(2,030,819)	(2,030,819)	(3,808,243)	(3,808,243)	(3,808,243)	(3,808,243)	(1,861,472)	(1,861,472)
Provisional Balance	35,207,753	27,491,866	19,416,719	16,796,514	14,176,310	9,763,947	5,351,584	939,221	(3,473,142)	(2,480,695)	(2,480,695)
Income (Loss) re-allocation to Sponsor	-	-	-	-	-	-	-	-	(3,473,142)	(2,480,695)	(2,480,695)
Income (loss) re-allocation from Sponsor	-	-	-	-	-	-	-	-	-	-	-
Income (loss) re-allocation from Sponsor for QIO	-	-	-	-	-	-	-	-	-	-	-

Tax Equity Provisional Outside Basis and §731 Gain

Cash distributions for purposes of calculating OB

Preferred distribution	-	-	-	-	-	-	-	-	-	-	-
Cash Distribution	-	-	-	-	(1,326,882)	-	-	-	(2,416,480)	-	-
Beginning Balance	-	35,207,753	27,199,575	19,564,830	17,534,011	14,176,310	10,368,067	6,559,824	2,751,581	0	619,223
Investment	35,207,753	-	-	-	-	-	-	-	-	-	-
ITC basis reduction	-	(5,240,342)	(5,358,103)	-	-	-	-	-	-	-	-
Preferred distribution	-	-	-	-	-	-	-	-	-	-	-
Cash distribution	-	-	-	-	(1,326,882)	-	-	-	(2,416,480)	-	-
Income (loss) after reallocations, tax	-	(2,767,835)	(2,276,642)	(2,030,819)	(2,030,819)	(3,808,243)	(3,808,243)	(3,808,243)	(335,101)	619,223	619,223
Provisional Balance	35,207,753	27,199,575	19,564,830	17,534,011	14,176,310	10,368,067	6,559,824	2,751,581	0	619,223	1,238,446
Excess distributions over basis (§731 gain)	-	-	-	-	-	-	-	-	-	-	-

Sponsor Capital Account

Beginning Balance	-	36,162,247	36,276,217	35,905,497	35,492,061	35,078,624	34,637,410	34,196,196	33,754,982	29,840,627	26,928,314
Investment	36,162,247	-	-	-	-	-	-	-	-	-	-
ITC basis reduction	-	(52,933)	(54,122)	-	-	-	-	-	-	-	-
Cash distribution	-	194,861	(293,601)	(392,924)	(392,924)	(402,747)	(402,747)	(402,747)	(402,747)	(412,815)	(412,815)
Income (loss) before reallocations, book	-	(27,958)	(22,996)	(20,513)	(20,513)	(38,467)	(38,467)	(38,467)	(38,467)	(18,803)	(18,803)
Provisional Balance	36,162,247	36,276,217	35,905,497	35,492,061	35,078,624	34,637,410	34,196,196	33,754,982	33,313,769	29,409,009	26,496,696
Income (Loss) re-allocation to Sponsor	-	-	-	-	-	-	-	-	(3,473,142)	(2,480,695)	(2,480,695)
Income (loss) re-allocation from Sponsor	-	-	-	-	-	-	-	-	-	-	-
Income (loss) re-allocation from Sponsor for QIO	-	-	-	-	-	-	-	-	-	-	-

Sponsor Provisional Outside Basis and §731 Gain

Cash distributions for purposes of calculating OB											
Cash Distribution	-	-	-	-	(884,588)	-	-	-	(1,610,987)	-	-
Beginning Balance	-	36,162,247	36,081,357	36,004,238	35,983,725	35,078,624	35,040,157	35,001,689	34,963,222	29,840,627	27,341,129
Investment	36,162,247	-	-	-	-	-	-	-	-	-	-
ITC basis reduction	-	(52,933)	(54,122)	-	-	-	-	-	-	-	-
Cash distribution	-	-	-	-	(884,588)	-	-	-	(1,610,987)	-	-
Income (loss) after reallocations, tax	-	(27,958)	(22,996)	(20,513)	(20,513)	(38,467)	(38,467)	(38,467)	(3,511,609)	(2,499,497)	(2,499,497)
Provisional Balance	36,162,247	36,081,357	36,004,238	35,983,725	35,078,624	35,040,157	35,001,689	34,963,222	29,840,627	27,341,129	24,841,632
Excess distributions over basis (§731 gain)	-	-	-	-	-	-	-	-	-	-	-

Capital Accounts and Outside Basis at End of Period

Quarter Number:	0	1	2	3	4	5	6	7	8	9	10
Year Number:	0	1	1	1	1	2	2	2	2	3	3
Period End:	<u>1-Jan-2014</u>	<u>31-Mar-2014</u>	<u>30-Jun-2014</u>	<u>30-Sep-2014</u>	<u>31-Dec-2014</u>	<u>31-Mar-2015</u>	<u>30-Jun-2015</u>	<u>30-Sep-2015</u>	<u>31-Dec-2015</u>	<u>31-Mar-2016</u>	<u>30-Jun-2016</u>

FORMATION

Tax Equity Capital Account

Beginning Balance	-	35,207,753	27,491,866	19,416,719	16,796,514	14,176,310	9,763,947	5,351,584	939,221	-	-
Investment	35,207,753	-	-	-	-	-	-	-	-	-	-
ITC basis reduction	-	(5,240,342)	(5,358,103)	-	-	-	-	-	-	-	-
Preferred distribution	-	-	-	-	-	-	-	-	-	-	-
Cash distribution	-	292,291	(440,402)	(589,385)	(589,385)	(604,120)	(604,120)	(604,120)	(604,120)	(619,223)	(619,223)
Allocated step up from \$731 gain	-	-	-	-	-	-	-	-	-	-	-
Income (loss) before reallocations, book	-	(2,767,835)	(2,276,642)	(2,030,819)	(2,030,819)	(3,808,243)	(3,808,243)	(3,808,243)	(3,808,243)	(1,861,472)	(1,861,472)
Provisional Balance	35,207,753	27,491,866	19,416,719	16,796,514	14,176,310	9,763,947	5,351,584	939,221	(3,473,142)	(2,480,695)	(2,480,695)
Income (Loss) re-allocation to Sponsor	-	-	-	-	-	-	-	-	(3,473,142)	(2,480,695)	(2,480,695)
Income (loss) re-allocation from Sponsor	-	-	-	-	-	-	-	-	-	-	-
Income (loss) re-allocation from Sponsor for QIO	-	-	-	-	-	-	-	-	-	-	-
Write-off/up of capital account at buyout	-	-	-	-	-	-	-	-	-	-	-
Ending T.E. Capital Account	35,207,753	27,491,866	19,416,719	16,796,514	14,176,310	9,763,947	5,351,584	939,221	-	-	-

Tax Equity Outside Basis

Beginning Balance	-	35,207,753	27,199,575	19,564,830	17,534,011	14,176,310	10,368,067	6,559,824	2,751,581	0	619,223
Investment	35,207,753	-	-	-	-	-	-	-	-	-	-
ITC basis reduction	-	(5,240,342)	(5,358,103)	-	-	-	-	-	-	-	-
Preferred distribution	-	-	-	-	-	-	-	-	-	-	-
Cash distribution	-	-	-	-	(1,326,882)	-	-	-	(2,416,480)	-	-
\$731 gain	-	-	-	-	-	-	-	-	-	-	-
Income (loss) after reallocations, tax	-	(2,767,835)	(2,276,642)	(2,030,819)	(2,030,819)	(3,808,243)	(3,808,243)	(3,808,243)	(335,101)	619,223	619,223
Provisional Balance	35,207,753	27,199,575	19,564,830	17,534,011	14,176,310	10,368,067	6,559,824	2,751,581	0	619,223	1,238,446
Losses suspended (\$704d limits)	-	-	-	-	-	-	-	-	-	-	-
Recovery of previously suspended losses	-	-	-	-	-	-	-	-	-	-	-
Write-off of basis at buyout	-	-	-	-	-	-	-	-	-	-	-
Ending T.E. Outside Basis	35,207,753	27,199,575	19,564,830	17,534,011	14,176,310	10,368,067	6,559,824	2,751,581	0	619,223	1,238,446
Balance of suspended losses	-	-	-	-	-	-	-	-	-	-	-
Buyout price	-	-	-	-	-	-	-	-	-	-	-

Tax Equity income (loss) to use

Provisional Balance without Buyout	35,207,753	27,199,575	19,564,830	17,534,011	14,176,310	10,368,067	6,559,824	2,751,581	0	619,223	1,238,446
Losses suspended (\$704d limits)	-	-	-	-	-	-	-	-	-	-	-
Recovery of previously suspended losses	-	-	-	-	-	-	-	-	-	-	-
Write-off of basis at buyout	-	-	-	-	-	-	-	-	-	-	-
Tax Equity income (loss) to use, without buyout	-	(2,767,835)	(2,276,642)	(2,030,819)	(2,030,819)	(3,808,243)	(3,808,243)	(3,808,243)	(335,101)	619,223	619,223

Balance of suspended losses, without buyout

- - - - - - - - - - - - - - - -

Quarter Number:	0	1	2	3	4	5	6	7	8	9	10
Year Number:	0	1	1	1	1	2	2	2	2	3	3
Period End:	<u>1-Jan-2014</u>	<u>31-Mar-2014</u>	<u>30-Jun-2014</u>	<u>30-Sep-2014</u>	<u>31-Dec-2014</u>	<u>31-Mar-2015</u>	<u>30-Jun-2015</u>	<u>30-Sep-2015</u>	<u>31-Dec-2015</u>	<u>31-Mar-2016</u>	<u>30-Jun-2016</u>

FORMATION

Sponsor Capital Account

Beginning Balance	-	36,162,247	36,276,217	35,905,497	35,492,061	35,078,624	34,637,410	34,196,196	33,754,982	29,840,627	26,928,314
Investment	36,162,247	-	-	-	-	-	-	-	-	-	-
ITC basis reduction	-	(52,933)	(54,122)	-	-	-	-	-	-	-	-
Cash distribution	-	194,861	(293,601)	(392,924)	(392,924)	(402,747)	(402,747)	(402,747)	(402,747)	(412,815)	(412,815)
Allocated step up from \$731 gain	-	-	-	-	-	-	-	-	-	-	-
Income (loss) before reallocations, book	-	(27,958)	(22,996)	(20,513)	(20,513)	(38,467)	(38,467)	(38,467)	(38,467)	(18,803)	(18,803)
Provisional Balance	36,162,247	36,276,217	35,905,497	35,492,061	35,078,624	34,637,410	34,196,196	33,754,982	33,313,769	29,409,009	26,496,696
Income (Loss) re-allocation to Sponsor	-	-	-	-	-	-	-	-	(3,473,142)	(2,480,695)	(2,480,695)
Income (loss) re-allocation from Sponsor	-	-	-	-	-	-	-	-	-	-	-
Income (loss) re-allocation from Sponsor for QIO	-	-	-	-	-	-	-	-	-	-	-
Write-off/up of capital account at buyout	-	-	-	-	-	-	-	-	-	-	-
Ending Sponsor Capital Account	36,162,247	36,276,217	35,905,497	35,492,061	35,078,624	34,637,410	34,196,196	33,754,982	29,840,627	26,928,314	24,016,001

Sponsor Outside Basis

Beginning Balance	-	36,162,247	36,081,357	36,004,238	35,983,725	35,078,624	35,040,157	35,001,689	34,963,222	29,840,627	27,341,129
Investment	36,162,247	-	-	-	-	-	-	-	-	-	-
ITC basis reduction	-	(52,933)	(54,122)	-	-	-	-	-	-	-	-
Cash distribution	-	-	-	-	(884,588)	-	-	-	(1,610,987)	-	-
\$731 gain	-	-	-	-	-	-	-	-	-	-	-
Income (loss) after reallocations, tax	-	(27,958)	(22,996)	(20,513)	(20,513)	(38,467)	(38,467)	(38,467)	(3,511,609)	(2,499,497)	(2,499,497)
Provisional Balance	36,162,247	36,081,357	36,004,238	35,983,725	35,078,624	35,040,157	35,001,689	34,963,222	29,840,627	27,341,129	24,841,632
Losses suspended (\$704d limits)	-	-	-	-	-	-	-	-	-	-	-
Recovery of previously suspended losses	-	-	-	-	-	-	-	-	-	-	-
Cash distribution, TE's DRO at buyout	-	-	-	-	-	-	-	-	-	-	-
Acquisition of Tax Equity basis, if any	-	-	-	-	-	-	-	-	-	-	-
Ending Sponsor Outside Basis	36,162,247	36,081,357	36,004,238	35,983,725	35,078,624	35,040,157	35,001,689	34,963,222	29,840,627	27,341,129	24,841,632
Balance of suspended losses	-	-	-	-	-	-	-	-	-	-	-
Sponsor income (loss) to use	-	(27,958)	(22,996)	(20,513)	(20,513)	(38,467)	(38,467)	(38,467)	(3,511,609)	(2,499,497)	(2,499,497)

Cash Flow and IRR

Quarter Number:	0	1	2	3	4	5	6	7	8	9	10
Year Number:	0	1	1	1	1	2	2	2	2	3	3
Period End:	<u>1-Jan-2014</u>	<u>31-Mar-2014</u>	<u>30-Jun-2014</u>	<u>30-Sep-2014</u>	<u>31-Dec-2014</u>	<u>31-Mar-2015</u>	<u>30-Jun-2015</u>	<u>30-Sep-2015</u>	<u>31-Dec-2015</u>	<u>31-Mar-2016</u>	<u>30-Jun-2016</u>
FORMATION											
PPA											
Tax Equity:											
Investment	(35,207,753)	-	-	-	-	-	-	-	-	-	-
Cash distributions	-	(292,291)	440,402	589,385	589,385	604,120	604,120	604,120	604,120	619,223	619,223
ITC	-	10,480,685	10,716,206	-	-	-	-	-	-	-	-
Tax benefits (expenses)	-	968,742	796,825	710,787	710,787	1,332,885	1,332,885	1,332,885	117,285	(216,728)	(216,728)
Taxes on \$731 gain	-	-	-	-	-	-	-	-	-	-	-
Capital account deficit restoration	-	-	-	-	-	-	-	-	-	-	-
Buyout price	-	-	-	-	-	-	-	-	-	-	-
Net after-tax cash benefit	(35,207,753)	11,157,136	11,953,432	1,300,172	1,300,172	1,937,005	1,937,005	1,937,005	721,405	402,495	402,495
IRR - cumulative	#N/A	-99%	-67%	-60%	-51%	-38%	-26%	-16%	-12%	-10%	-9%
IRR at flip (after buyout, if any)	9.0%										
IRR at Year 20	11.0%										
Alternative TE IRRs:											
Net after-tax cash benefit before buyout	(35,207,753)	11,157,136	11,953,432	1,300,172	1,300,172	1,937,005	1,937,005	1,937,005	721,405	402,495	402,495
IRR at flip (before buyout, if any)	9.0%										
Pre-tax cash flow + ITC only, without buyout	(35,207,753)	10,188,394	11,156,607	589,385	589,385	604,120	604,120	604,120	604,120	619,223	619,223
IRR, cash + ITC only, without buyout	4.2%										
Pre-tax cash flow, without buyout	(35,207,753)	(292,291)	440,402	589,385	589,385	604,120	604,120	604,120	604,120	619,223	619,223
Buyout price	2,059,377										
IRR, cash only, without buyout	-8.2%										

Sponsor:

NOLs carried forward from previous periods	-	-	-	-	-	-	(7,986)	(15,972)	(23,958)	(3,505,087)	(5,973,341)
Sponsor income (loss) from partnership	-	(27,958)	(22,996)	(20,513)	(20,513)	(38,467)	(38,467)	(38,467)	(3,511,609)	(2,499,497)	(2,499,497)
Sponsor income on fund opex expenses	-	7,352	22,221	29,738	29,738	30,481	30,481	30,481	30,481	31,243	31,243
Developer fee	-	7,057,700	7,216,300	-	-	-	-	-	-	-	-
Tranaction fee	-	-	-	-	-	-	-	-	-	-	-
Sponsor income (loss) from investment	-	7,037,094	7,215,524	9,224	9,224	(7,986)	(7,986)	(7,986)	(3,481,128)	(2,468,254)	(2,468,254)
Sponsor income (loss) to use this period	-	7,037,094	7,215,524	9,224	9,224	-	-	-	-	-	-
Loss to carry forward	-	-	-	-	-	(7,986)	(15,972)	(23,958)	(3,505,087)	(5,973,341)	(8,441,595)
ITC remaining before taking any this period	-	214,110	-	-	-	-	-	-	-	-	-
Investment	(36,162,247)	-	-	-	-	-	-	-	-	-	-
Developer fee	-	7,057,700	7,216,300	-	-	-	-	-	-	-	-
Transaction fee	-	-	-	-	-	-	-	-	-	-	-
Cash distributions	-	(194,861)	293,601	392,924	392,924	402,747	402,747	402,747	402,747	412,815	412,815
Increased CF from Sponsor income on fund opex	-	7,352	22,221	29,738	29,738	30,481	30,481	30,481	30,481	31,243	31,243
Tax benefits (expenses)	-	(2,814,838)	(2,886,210)	(3,690)	(3,690)	-	-	-	-	-	-
Taxes on §731 gain	-	-	-	-	-	-	-	-	-	-	-
ITC	-	214,110	-	-	-	-	-	-	-	-	-
Benefit from TE deficit restoration	-	-	-	-	-	-	-	-	-	-	-
Buyout price	-	-	-	-	-	-	-	-	-	-	-
Net after-tax cash benefit	(36,162,247)	4,269,464	4,645,912	418,971	418,971	433,228	433,228	433,228	433,228	444,058	444,058
IRR - cumulative	#N/A	-100%	-97%	-96%	-94%	-90%	-86%	-81%	-75%	-70%	-65%
IRR at flip (after buyout, if any)	-22.8%										
IRR at Year 20	9.0%										
NPV	2,574,219										

Combined:

Net after-tax cash benefit	(71,370,000)	15,426,600	16,599,344	1,719,144	1,719,144	2,370,233	2,370,233	2,370,233	1,154,633	846,553	846,553
IRR - cumulative	#N/A	-100%	-87%	-84%	-79%	-70%	-61%	-53%	-49%	-46%	-43%
IRR at flip (after buyout, if any)	-11.8%										
IRR at Year 20	9.3%										
NPV	3,886,990										

Income Method FMV

Quarter Number:	0	1	2	3	4	5	6	7	8	9	10
Year Number:	0	1	1	1	1	2	2	2	2	3	3
Period End:	<u>1-Jan-2014</u>	<u>31-Mar-2014</u>	<u>30-Jun-2014</u>	<u>30-Sep-2014</u>	<u>31-Dec-2014</u>	<u>31-Mar-2015</u>	<u>30-Jun-2015</u>	<u>30-Sep-2015</u>	<u>31-Dec-2015</u>	<u>31-Mar-2016</u>	<u>30-Jun-2016</u>
CFs for Income Method FMV	(71,370,000)	15,426,600	16,599,344	1,719,144	1,719,144	2,370,233	2,370,233	2,370,233	1,154,633	846,553	846,553
Discount rate for income method	8.0%										

PV	75,256,990
Present value / Watt	4.75

Income method FMV Sensitivity:	<u>Discount Rate</u>	<u>FMV</u>
	5.0%	5.49
	5.5%	5.35
	6.0%	5.21
	6.5%	5.08
	7.0%	4.96
	7.5%	4.85
	8.0%	4.75
	8.5%	4.64
	9.0%	4.55
	9.5%	4.46
	10.0%	4.38
	10.5%	4.30
	11.0%	4.22
	11.5%	4.15
	12.0%	4.08

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Checks (should be zero):

All cash distributed	-	-	-	-	-	-	-	-	-	-	-
Partnership taxable income fully allocated	-	-	-	-	-	-	-	-	-	-	-
No negative outside basis	-	-	-	-	-	-	-	-	-	-	-

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