



TAX EQUITY MODELING COURSE

DURATION: 2 DAYS

BUILD THE TAX EQUITY CALCULATIONS FOR A U.S. RENEWABLE ENERGY PROJECT FINANCE DEAL

COURSE CONTENT

- This is an intensive course providing an overview to tax equity structures commonly used in U.S. renewable energy investments, with a focus on the development of a financial model.
- This is not a beginners' course and we would strongly recommend taking Renewable Energy Project Finance Modeling in advance of Tax Equity. The tax equity course assumes knowledge of (1) the initial grounding in best practice modeling techniques and (2) some of the tax concepts introduced in the Renewable Energy Project Finance Modeling course ("REPFM"). The Tax Equity course goes deep into tax capital accounts, deficit restoration obligations, stop loss allocations, and HLBV accounting. None of that content is contained in REPFM. You will build a tax equity model from scratch.
- Learn from industry leaders and ivy league professors either in-person at a public session, on-site at your offices or campus, online, or our new live streaming courses.

WHATS INCLUDED

- 12 months access to our online material, including concept videos with transcriptions, lecture slides, downloadable spreadsheet examples.
- A complete step-by-step model walk-through of an annual model, and access to discussion forums for ongoing questions'
- A downloadable quarterly Tax Equity model.
- Subscription can be extended annually post the first 12 months for \$100 per annum.
- Lunch, tea & coffee at the venue (public session participants only).
- Membership to the Pivotal180 alumni network.
- Course completion certificate

WHO SHOULD ATTEND

- This course is best suited to people with experience in the sector, however those who have completed our Renewable Energy Project Finance Modeling course with a keen interest in tax equity are encouraged to join
- Important for foreign investors looking to understand the US market
- Analysts, associates, vice presidents and banks, funds, investors, developers and operating entities needing to understand the complexity of tax equity
- CFOs or other finance team members of operating entities who have the mis-fortune of taking over a deal tax equity model

PRE-REQUISITES

- It is strongly recommended you have completed the Renewable Energy Project Finance Modeling Course (either as a public session or online) prior to taking this course. If you haven't completed this recommended course, please speak with us to determine if the course is appropriate for you.
- This course also assumes prior knowledge of advanced Excel functions and techniques as well as best practice modeling skills
- Knowledge of project finance pass-through entities, generation and operations of renewables projects, and tax calculations recommended (covered in recommended course above)

COURSE OUTCOME

- It is strongly recommended you have completed the Tax equity concepts
- Best practice modeling techniques for U.S. taxation, partnership allocations, tax capital accounts and HLBV accounting
- High-level introduction to sale leaseback and inverted lease/pass-through structures

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The course, and in particular, Dan and Haydn's knowledge and experience exceeded our expectations. We look forward to taking another course!

DELIVERY ONLINE, PUBLIC, LIVE STREAMING OR IN-HOUSE



ONLINE OFFERINGS

In addition to in-person training, we offer interactive live-streamed courses and self-paced online learning programs with video lessons and downloadable demonstration files. Our online platform allows participants to review materials or dive deeper whenever they chose to do so. Videos can also be available for license to host on your choice of Learning Management System.



WORLD-CLASS TRAINING

Our courses are not limited to financial modeling and best practices in Microsoft Excel. We are committed to explaining how the numbers align with underlying financial and engineering concepts, transaction structures, legal documentation, market conditions and risk management approaches. We don't just teach how to build models. We teach how to do deals.



CUSTOMIZED CONTENT

Our training programs are the most custom tailored in the market. As one size rarely fits all, we encourage clients to select training topics from an extensive menu of offerings as diverse as corporate governance, compliance and international tax. If we don't have something ready to go, we are happy to develop new content or company-specific case studies upon request.



We design our programs to make hard things feel easy. Dry material becomes interesting and fun.

PRE-COURSE MATERIAL

- Course requirements and overview
- Excel functions required
- Review of best practice principles
- Review of flags and accounts
- Overview of starting model (basic operations)

TAX INCENTIVES AND RESTRICTIONS

- Accelerated depreciation (Section 168)
- Calculating MACRS schedules using VDB function
- Eligible plant, property and equipment
- Section 45 Production Tax Credits (PTC)
- Section 48 Investment Tax Credits (ITC)
- Tax credit recapture
- Net Operating Loss carryforwards (NOLs)
- Thin capitalization and deductibility of interest expense

PARTNERSHIP CONCEPTS

- Disproportionate allocations
- Substantial economic effect
- Flip structures and triggers
- s704(b) tax capital accounts and s754 step-ups
- Income upon liquidation
- Safe harbor rules

PARTNERSHIP MODELING

- ITC depreciable basis reduction
- Outside basis tax capital accounts
- Straight-line depreciation
- S731(a) gains
- s704(d) loss limitation and suspended losses
- s734(b) depreciation
- Sponsor and tax equity stop loss reallocations
- Deficit Restoration Obligations (DRO)
- Stop loss reallocations
- Calculating the flip date(s)

GAAP ACCOUNTING

- Hypothetical liquidation at book value method accounting (HLBV)
- Partnership vs. the individual partners
- Tax equity investor vs. "cash equity" sponsor

CAPITAL STRUCTURE

- Back leverage debt sizing and repayments
- Construction funding and tax equity bridging loans
- Key provisions of relevant legal documents
 - Limited Partnership Agreement (LPA)
 - LLC Agreement (Operating Agreement)
 - Equity Capital Contribution Agreement (ECCA)

MARKET CONDITIONS

- Commonly used partnership allocation structures
- Typical hurdle rates
- Sources of capital and market participants
- Leading advisors and other service providers

RETURNS

- Disproportionate allocations
- Substantial economic effect
- Flip structures and triggers
- s704(b) tax capital accounts and s754 step-ups
- Income upon liquidation
- Safe harbor rules

RETURNS

- Investor IRR
- Exit scenarios

CORE OUTPUTS

- Developing a partnership balance sheet
- Outputs required for an investment decision
- Best practice graphs and visual presentation

OPTIMIZING A TAX EQUITY MODEL

- Achieve target hurdle rate by sizing:
 - Funding percentages
 - Allocations of cash and tax
 - Flip triggers

THE PIVOTAL180 DIFFERENCE

Pivotal180 does not just advise on transactions and walk away, we build institutional capacity, transferring critical skills and knowledge to our clients in the fields of infrastructure, energy, transportation, mining, agriculture, manufacturing and services. Every engagement is structured to include significant coaching and mentorship. We don't conduct analysis, develop policy or close deals for you. We do it with you. We insist that our clients are actively engaged as a part of the team, taking ownership of analysis and decision making.

We provide full transparency, exposure and explanation of the underlying concepts, documentation, tools and best practices. Our greatest goal is empowering government ministries to break the cycle of dependency upon transaction advisors and foreign consultants. We don't want our clients to rely on us in the future. We want them to stand strong on their own.

Our team has decades of experience leading transactions as principal investors and advisors. We can advise and coach you on transactions and market structures, government policy and incentives, and asset management practices because we have done deals in the private sector. We are intimately familiar with the transaction execution process as well as how to view a transaction from the perspective of various parties to a transaction, including the developer, equity investor, lender, or government ministry.



DANIEL GROSS
PRINCIPAL

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Qualifications:

Masters in Environmental Management, M.B.A. and
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HAYDN PALLISER
PRINCIPAL

Lecturer, Yale University
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Qualifications:

Bachelor of Engineering (Hons)
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