
Financial Structure

- When the project enters the construction phase and rapid expenditures of capital will be required, bonds (or another form of capital to be determined) will be issued for the project. Proceeds of the bond offering will go into an account to be used to fund Project Costs.
 - The bonds can be either fixed or floating rate at a level to be determined primarily by the credit standing of the Guarantor.
 - The amount of debt to be funded will equal 100% of the Project Costs including project development and management fees, and an interest reserve sufficient to pay debt service on the bonds during construction phase. (Note: While an equity component could be incorporated into the capital structure, maximum use of debt will result in the lowest lease rate for the Tenant).
 - The bonds could be structured with an amortization component matching the Tenant's desired balance between the level of rent paid during the lease term versus the amount of the Purchase Obligation. Accordingly, the lease structure can range from higher payments with only a nominal purchase obligation at the end of the term to no amortization component incorporated into the lease payments, resulting in lower annual rent payments and a full purchase price obligation at the end of the lease term.
- Pre-construction costs - the Tenant or Guarantor will provide the Developer with a line of credit or an agreement of reimbursement (AOR) that will pay for any Project Costs incurred prior to the funding of the bonds.

