

Public Higher Education and the Inflation Reduction Act

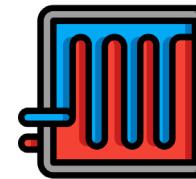
**Presented by:
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April 6, 2023**

Public Higher Education and the Inflation Reduction Act (Presentation Outline)

- Overview
- Incentives for Renewable Energy and other Energy-Related Projects
- Sample Timeline
- Example Project Cashflow

Important Changes in IRA Renewable Energy and Carbon (GHG) Reduction Project Incentives

- Significant Expansion of Project Ownership Eligibility
- Significant Expansion of Eligible Projects and Energy Types
 - Solar
 - Wind
 - Standalone Storage
 - EV Charging Stations
 - Geothermal, including Heat Pumps
 - Fuel Cells
 - Hydrogen
 - Hydro Power
 - Biomass
 - Municipal Solid Waste

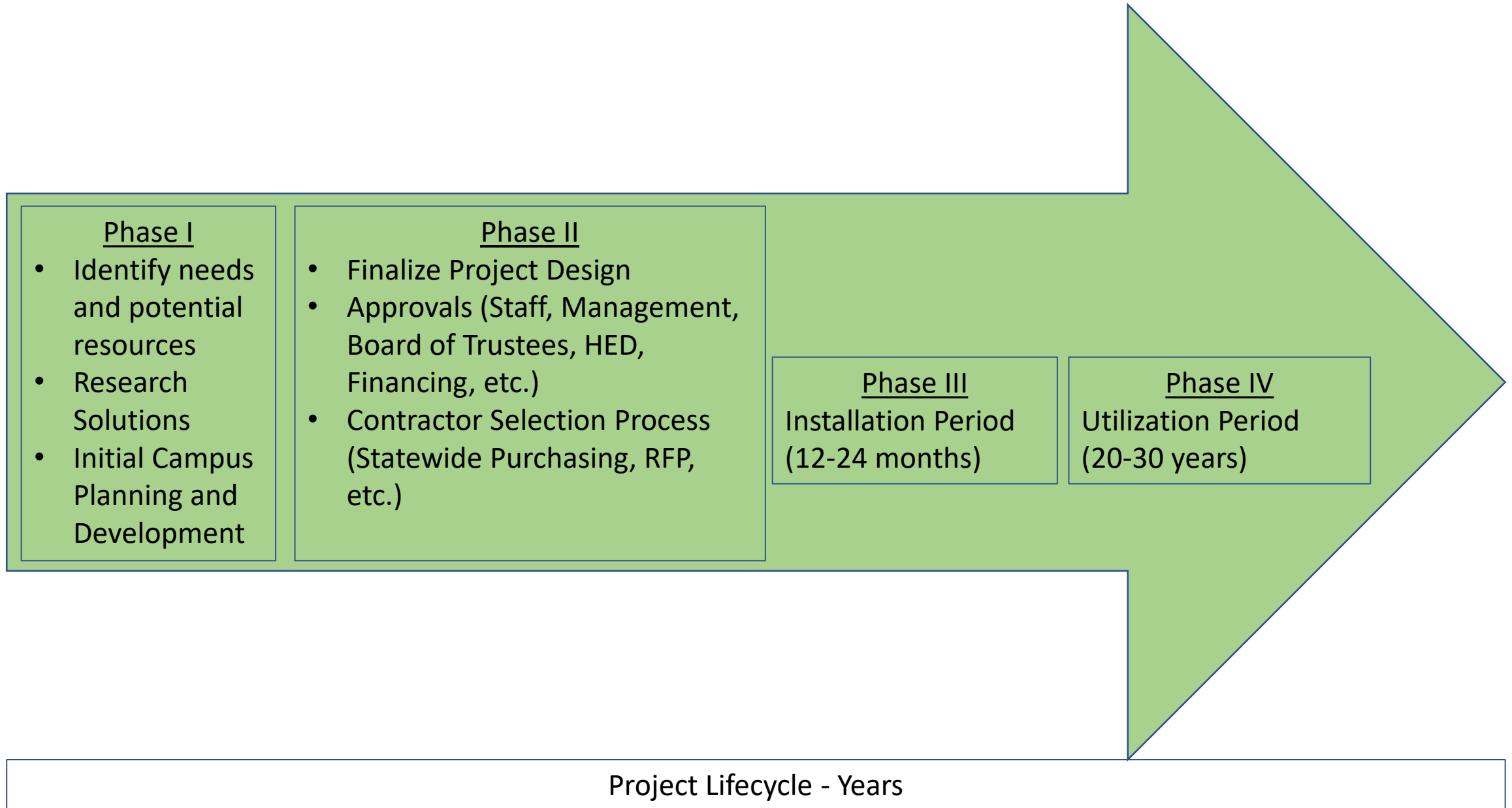


Renewable Energy-Related Provisions under the Inflation Reduction Act

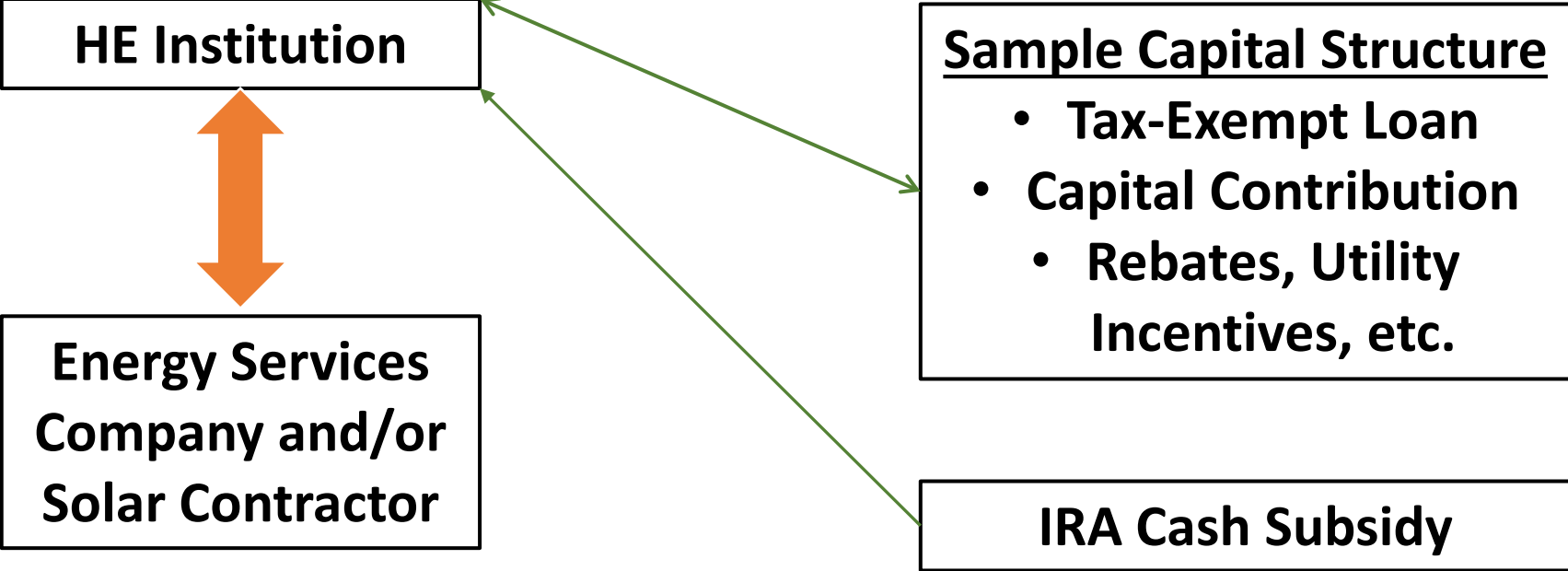
- Historically, only taxpaying entities could take advantage of federal tax credits for renewable energy and other energy-related projects
- Tax-Exempt entities could not directly benefit from tax credits, which drove a high number of private-ownership projects (typically in the form of a power purchase agreement)
- IRA provides for a direct payment in lieu of tax credits for qualifying projects owned by tax-exempt entities
- Qualifying projects include various forms of energy-related projects (including solar PV, storage, clean commercial vehicles and EV charging stations, among others) and the costs of installation/interconnection

Energy-Related Provisions under the IRA (cont.)

- The headline credit cash subsidy is 30% of the project cost, with the ability to qualify for an increased subsidy bonus of 10% of the project cost in a low-income community (poverty rate >20%)
- Cash subsidies are reduced by 15% for projects financed with tax-exempt bonds or tax-exempt loan financing
- The cash subsidy is paid after the project is placed in service
- The IRA details are still being finalized at the point, but the IRS will be providing guidance soon



Sample Transaction and Capital Structure -Energy Efficiency Program



IRA Cash Subsidy - _____ County Solar Energy Projects (Including Low-Income 10% Adder)

- Solar Project Costs:
 - Courthouse \$229,908.00
 - Detention Center \$248,646.50
 - Annex Building \$ 86,215.50
 - Total Solar \$574,770.00

- Cash Subsidy Calculation:
 - Headline Cash Subsidy (30%) \$172,431.00
 - Low Income Adder (10%) \$ 57,477.00
 - Total Cash Subsidy \$229,908.00
 - Tax-Exempt Deduction (15%) (\$34,486.20)
 - IRA Cash Subsidy Consulting Fee (\$20,000.00)
 - Net IRA Cash Subsidy \$175,421.80

Thank You!

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