

## **Client Case Study: George K. Baum**

### **Challenge – Mobilizing Bond Financing for Renewable Power Projects**

George K. Baum & Company is an investment banking firm with an industry-leading municipal bond business and a strong presence in investment banking. The firm is a leader in municipal finance with over 5,470 municipal bond issues since 1990 and has underwritten over 50 utility-based financings totaling more than \$4.29 billion since 1994. It is consistently one of the top underwriters of negotiated municipal bonds. In 2005, the firm entered the renewable power sector to enable smaller public and private project developers to access the bond financing market. The company crafted a template financial model to support its marketing efforts for wind project developers, but lacked access to detailed information on prevailing project cost assumptions as well as the investment structures in use in the wind sector. George K. Baum asked Birch Tree Capital for assistance in reviewing the model's structure and financial assumptions and to advise the firm on investment structures in use in the wind sector.

### **Approach**

Birch Tree Capital recruited Deacon Harbor Financial, L.P., an independent advisory firm experienced in modeling power project investments, to join in helping answer GK Baum's questions. The team met with the GK Baum staff leading the wind sector advisory effort to understand the business model, then reviewed the model template. The team identified key capital, financing and operating cost assumptions, compared them with industry norms, and summarized variances of the model structure with prevailing industry investment structures. The firm subsequently worked with GK Baum staff to incorporate requisite changes in the model.

### **Solution**

GK Baum has used the revised model as the basis for its ongoing work as an arranger of innovative bond financing for small to mid-size renewable power projects. Birch Tree Capital and GK Baum have joined in advising third party clients on financing structures and options, including the financing of public sector-sponsored renewable power projects utilizing clean renewable energy bonds (CREBs). Since entering the sector, GK Baum has executed renewable energy project financings for wind, solar, renewable energy transmission, fuel cell and methane gas technologies totaling more than \$100 million.

Quote: *"Birch Tree Capital has clear expertise in how wind power projects are being financed. They helped us sharpen not only our financial model but also our understanding of the varying needs of developers, tax investors, and bank lenders in the wind sector. The firm is a pleasure to work with."* – Lee White, Executive Vice President and manager for George K. Baum & Company at its Denver Public Finance Headquarters.